Weekend Journal: Bound by history

THE WALL STREET JOURNAL.

VOL. XXXIV NO. 54 (India facsimile VOL. 1 NO. 115) ASIA FRIDAY - SUNDAY, NOVEMBER 13 - 15, 2009

DOWJONES A NEWS CORPORATION COMPANY

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Australia: A$6.00(Incl GST), Brunei: B$5.00, China: RMB25.00, Hong Kong: HK$18.00, India: Rs25.00, Indonesia: Rp18,000(Incl PPN), Japan: Yen500(Incl JCT), Korea: Won2,500. Malaysia: RM6.00, Pakistan: Rs80.00, Philippines: Peso80.00, Singapore: S$4.00(Incl GST), Sri Lanka: Sirs180(Incl VAT), Taiwan: NT$60.00, Thailand: Baht50.00, Vietnam: US$2.50

KKDN PPS 648/11/2010 (028507) KKDN PP 9315/10/2010 (025811) MICA (P) NO. 048/10/2009 SK. MENPEN R.I. NO: 01/SK/MENPEN/SCIJ/1998 TGL 4 SEPT 1998

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■ **BMW plans** to build a second plant in China with partner Brilliance Automotive, which will boost capacity to 100,000 cars a year. Page 6

■ **Wal-Mart reported** a 3.2% gain in earnings for its third quarter and gave a guarded holiday outlook. Page 6

■ **H-P agreed to buy** networking-gear maker 3Com for $2.7 billion in cash, the latest move by H-P to bulk up its product line. Page 7

■ **AIG's CEO**, Robert Benmosche, said he is committed to the company after threatening to quit. Page M12

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The 69% tax hike
The Pelosi health bill features heavy taxes on capital gains. Page 14

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Reuters

U.S. Treasury Secretary Timothy Geithner, right, speaks Thursday with other finance ministers during the Asia-Pacific Economic Cooperation summit in Singapore. **More coverage on Page 4.**

APEC seeks stable dollar

In Singapore, Pacific Rim nations call on U.S. to stem currency's decline

SINGAPORE—The U.S. reiterated its support for a strong dollar Thursday, but Pacific Rim trading partners remained skeptical, continuing their calls on Washington to stabilize its sliding currency.

By Tom Wright, William Mallard and Costas Paris

"It is very important to the United States that we have a strong dollar," U.S. Treasury Secretary Timothy Geithner told a news conference after a meeting of Asia-Pacific finance ministers here. "We recognize, of course, that given the very important role of the U.S. in the global economy, the important role the dollar plays in the system, that we bear a special responsibility for being a source of stability and strength for the global economy."

But the dollar continues to languish near 15-month lows against a basket of currencies. Ministers attending the annual Asia-Pacific Economic Cooperation summit spent much of the day telling Mr. Geithner they need that situation to change, several participants said. Asian central banks have repeatedly sold their currencies for dollars recently as the weak dollar hurts their export-reliant economies.

"The message to Secretary Geithner was that we need a stable and strong dollar," Russian Deputy Finance Minister Dmitry Pankin told Dow Jones Newswires. "They have to make good on what they profess. The volatility is hurting us in a serious way."

Mr. Geithner praised China's role in boosting the world's economic recovery through its massive stimulus spending. "China is playing a major role in continuing to contribute to recovery," he said.

He declined to comment on concerns among some Asia-Pacific nations that a weak Chinese currency, the yuan—which has fallen in tandem with the U.S. dollar—is making it difficult for them to compete in export markets. China, he said, should decide on its own exchange-rate policy.

Mr. Geithner also highlighted the rising appetite for risk among global investors, an allusion to the flow of investments into Asian assets that has boosted some curren-

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Intel settles feud with AMD

BY JERRY A. DICOLO

Feuding chip rivals **Intel** Corp. and **Advanced Micro Devices** Inc. on Thursday agreed to settle all of their outstanding legal complaints, with Intel paying AMD $1.25 billion and agreeing to abide by a set of rules for how it conducts business.

The agreement, which includes a renewed five-year cross-licensing pact, comes as Intel also announced the selection of A. Douglas Melamed as its general counsel, according to people familiar with the matter. Mr. Melamed, a partner at Wilmer-Hale in Washington, has decades of antitrust experience. Neither Mr. Melamed nor Intel would comment. Intel is set to announce the appointment late this week, according to three people close to the matter.

The company faces increasing scrutiny from government regulators regarding alleged anticompetitive practices. Intel and AMD make nearly all the chips used to run computers and servers, though the much larger Intel controls roughly 80% of the market.

AMD shares rose $1.07, or 20%, to $6.39 in late-morning trading on the New York Stock Exchange. Intel shares fell three cents to $19.81 on the Nasdaq Stock Market.

Legal and regulatory bat-

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Samsung makes run at technology crown

BY EVAN RAMSTAD

SEOUL—**Samsung Electronics** Co. has closed in on **Hewlett-Packard** Co., the world's largest technology company by revenue, a surprising development for a firm still perceived by many people as an also-ran to Japanese electronics companies.

It has risen to H-P's roughly $110 billion in annual sales by adopting a strategy and structure similar to **International Business Machines** Corp. at the height of its power in the 1980s—making both components for electronics products and the actual devices sold to consumers.

About one-third of Samsung's revenue comes from companies that compete with it in producing the TVs, cellphones, computers, printers and cameras where it gets the rest of its money.

But Samsung walks a tightrope everyday between its interests and those of other electronics makers to which it sells key parts like memory chips and display screens.

That tension was displayed as recently as Tuesday when it announced without fanfare plans for its own software operating system for smart phones, called "bada," which means sea in Korean. The move challenges **Apple** Inc., one of its biggest customers for flash memory chips and screens, as well as **Microsoft** Corp. and **Google** Inc., the firms it now relies on for

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Thaksin's gambit

Former Thai prime minister risks backlash as adviser to Cambodia. Page 9

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11 a.m. ET

MARKET	CLOSE	PCT CHG
Nikkei	9804.49	-0.68
Hang Seng	22397.57	-1.01
DJ CBN 600	28282.17	+0.15
DJ Asia Pacific	120.51	-0.73
FTSE 100	5276.50	+0.19
DJIA	10296.02	+0.05
Yen vs. $	¥90.50	+0.75
Nymex crude	$77.02	-2.85

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LEADING THE NEWS

Betting on next bubble

Emerging markets, commodities cited for run-up potential

By Phil Izzo

Emerging markets and commodities are the most likely places for another bubble to develop, according to economists, but they put chances at just slightly better than one in three of any such run-up in asset prices occurring in the next two years.

"Asset prices rising from extreme lows doesn't suggest a bubble," said Allen Sinai of Decision Economics. "Asset prices, real estate and stocks collapsed. Returning to normal would be a big price appreciation."

The 52 economists in the latest Wall Street Journal forecasting survey—not all of whom answer every question—put the chance of another bubble popping up somewhere in the next 24 months at 36% on average. But there was a wide variance of opinion, ranging from no chance to a 100% chance. Even among economists who saw better-than-even chances of a bubble, there was no clear agreement on where it would materialize. Twenty respondents said commodities posed the biggest risk, while 24 chose emerging markets; among that latter group, 13 pointed to equities in those nations, and 11 said real estate was the most likely risk. U.S. Treasurys, high-yield bonds and U.S. equities were the top choices of less than five economists each.

One of the most troublesome things about bubbles is identifying them while they are still inflating, or even when they are about to pop. In a 2006 Journal survey, 20 out of 44 economists were expecting U.S. home prices to rise in 2007, and the majority said that the worst of a slowdown in the housing market had passed. U.S. home prices, as measured by the Federal Housing Finance Agency, posted a 0.9% drop in 2007 and a further 8.3% decline last year.

But even if another bubble inflates, some are confident it doesn't have to produce the degree of pain caused by the credit crisis. "Another bubble is inevitable. Hoarding is a part of human nature," said Diane Swonk of Mesirow Financial. "Without the support of leverage that we saw earlier in the decade, however, its consequences should be much more manageable."

Indeed, confidence is running high in the U.S. Federal Reserve's ability to manage the economy. Thirty of 50 economists who answered the question said the central bank will raise interest rates at the right time, while just 18 said the Fed will be too slow. That contrasts with widespread criticism of the Fed's timing in the past. In the March 2008 survey, 80% of respondents said the central bank was too slow to raise rates five years earlier as the housing bubble was gaining steam, and Fed Chairman Ben Bernanke has come under widespread criticism that he was slow to cut rates at the start of the financial crisis.

But an increase in rates isn't imminent. On average, the economists don't expect the Fed to move its target for the federal-funds rate until September 2010, just two months before U.S. congressional elections. That may prove to be a politically sensitive time, as the job market is expected to remain weak through all of next year.

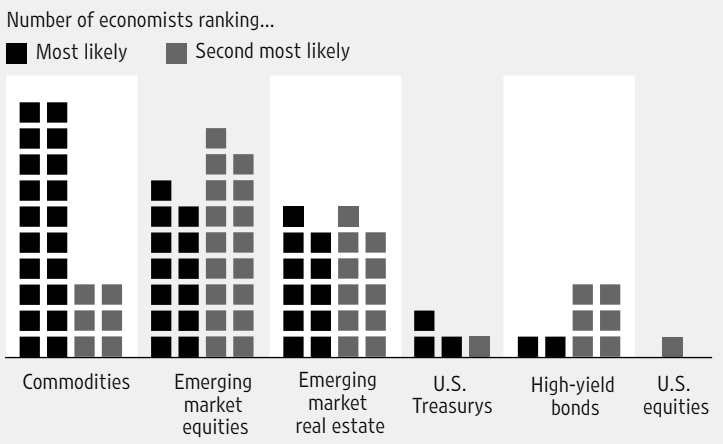
The economists on average expect the U.S. unemployment rate to rise to 10.3% by the end of this year from its current 10.2%, and they expect it to stay above 9.5% through 2010. The respondents expect job growth to return over the next 12 months, but the forecast calls for an average of just about 50,000 jobs to be added per month over that period. The economy needs to add about 100,000 jobs a month just to keep up with new entrants to the labor force.

"The small-business sector is still under pressure, and larger companies are still focused on bolstering current results rather than preparing for the future," said Lou Crandall at Wrightson ICAP. Productivity gains and cost cuts have allowed companies to bolster results without adding staff.

The economists expect gross domestic product in the U.S. to expand by about 3% at a seasonally adjusted annual rate through 2010, slightly slower than the 3.5% recorded in the third quarter.

Emerging risk

Responses to the survey question: Please rank the potential asset bubbles from most likely to least likely.



Source: The Wall Street Journal survey of economists

Iran consulate employee is murdered in Pakistan

A WSJ News Roundup

Gunmen killed a Pakistani who worked at the Iranian consulate in the northwestern city of Peshawar on Thursday, adding to security fears in the country as it presses an offensive against the Taliban along the nearby Afghan border.

Separately, International Monetary Fund officials launched discussions with Pakistan that could lead to the release of additional loan dollars to the country, as officials cited signs of progress despite the nation's unrest.

No group claimed responsibility for the attack in Peshawar, which comes amid tensions between Pakistan and Iran over Tehran's allegations that Pakistani intelligence agents had a role in a deadly suicide bombing last month in Iran.

The attackers opened fire on Abul Hasan Jaffri while he was in a car near his home in a central part of Peshawar, said police official Mohammad Kamal. Mr. Jaffri, who was the director of public relations at the consulate, died at a military hospital. The gunmen escaped after the shooting.

Iran is mostly Shiite Muslim, as was Mr. Jaffri. Pakistan's Shiite minority has often been targeted by Sunni Muslim militants such as the Taliban and al Qaeda, which say they are infidels. An Iranian diplomat in Peshawar was abducted in November 2008. His whereabouts are unknown.

The U.S. embassy in Pakistan condemned Thursday's killing, while Iranian officials called it a "terrorist and inhuman act." A spokesman for Iran's Foreign Ministry, Ramin Mehmanparast, urged Pakistani officials to find and punish the attackers and to provide more protection to diplomatic buildings.

The attack comes amid tensions between Pakistan and Iran.

IMF officials said Thursday they had concluded a meeting with Pakistani officials, the first step in a process that would lead to the release of additional funds.

The IMF already has released about $5.3 billion to Pakistan from a loan package valued at nearly $11.3 billion.

"While risks to the economic outlook remain, the early signs of recovery in some sectors, declining inflation and the improved external position are encouraging," the IMF said in a statement.

CORRECTIONS & AMPLIFICATIONS

Saudi Arabia's Saad Group said in June it was restructuring debt amid a liquidity squeeze. A News in Depth article in the Oct. 23-25 issue incorrectly stated that Saad said it had defaulted amid liquidity problems. A Geneva prosecutor, not a court, has frozen some Saad assets. Lawyers for Ma'an al Sanea say that Saad National Schools, in addition to not being owned by Saad Group, isn't owned by Mr. Sanea. Sana'a al Gosaibi is the fourth daughter by one of her father's wives, not the eldest, and she owns stakes in a significant Saad division, not the group as a whole.

Hofstra College became Hofstra University in 1963. A Wednesday Money & Investing article on an auction of Bernard Madoff's belongings incorrectly referred to his 1960 Hofstra University ring.

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THE WALL STREET JOURNAL ASIA
Dow Jones Publishing Company (Asia)
25/F, Central Plaza, 18 Harbour Road, Hong Kong
Tel 852-2573 7121 **www.wsj-asia.com** Fax 852-2834 5291

SUBSCRIPTIONS and Address Changes, please telephone our local customer service hotline, Hong Kong/Taiwan: 852-2831 2555; Beijing: 86-10 6581 4090; Shanghai: 86-21 5836 8228; Indonesia: 62-21 344 1101; Japan: 81-3 3595 7555; Korea: 82-2 756 1695; Malaysia: 60-3 2026 4061; Philippines: 63-2 848 5873; Singapore: 65-6415 4000; Thailand: 66-2 652 0871. Or email: service@wsj-asia.com

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Demand strengthens for Chinese workers

Quarter shows rise after year of decline, ministry survey says

By Andrew Batson

BEIJING—Demand for workers in China picked up sharply in the third quarter of the year, a new official survey shows, adding to recent signs that the nation's economic recovery is improving conditions for consumers.

Much of China's data on jobs and unemployment are notoriously unreliable, which has made it hard to track the impact of the financial crisis on the world's third-largest economy. The nation's headline unemployment rate has barely changed over the past year, even though a separate government survey estimated that at one point early this year 20 million migrant workers were jobless.

But a quarterly survey by an arm of the labor ministry offers a more detailed picture. The latest results, released this week, show employers' demand for workers rising 14.2% in the third quarter from a year earlier, the first increase after four straight quarters of decline. The survey typically covers about 100 cities, capturing around half of the working population in China's major urban centers.

"China's labor-market situation is actually quite OK at the moment," said Louis Kuijs, an economist in the World Bank's Beijing office. "The third quarter seems to be better than earlier in the year."

The current situation is a big contrast to the beginning of 2009, when there were fears that the collapse in China's exports would lead to mass unemployment of rural migrant workers. Since then, government surveys have reported that most migrants have found new work. China's purchasing managers' index survey also has shown manufacturers adding jobs every month since June. Many factory managers are even complaining now that it's getting hard to find employees.

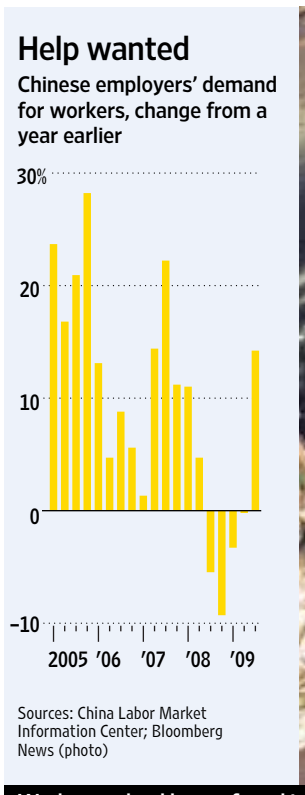
The two big employers of migrant laborers—construction and export manufacturing—both have recovered somewhat from the worst of the downturn. China's exports rose a seasonally adjusted 1.5% in the third quarter from the previous quarter, according to a central-bank estimate, the first gain this year. And the area of new buildings under construction is nearly 50% higher this year than last year.

In fact, the Chinese job market is increasingly tight, according to the labor-ministry survey's measure of the balance of supply and demand. There were 94 open positions for every 100 applicants in the third quarter, the survey says, up from a low of 85 last year and approaching the pre-crisis average of 97.

If that trend continues it could push up incomes and help support consumer spending, which would be welcome in an economy still relying heavily on government stimulus money. The National Bureau of Statistics reported this month that the average wage for migrant workers rose 2.8% in the third quarter from the previous quarter, to 1,444 yuan, or about $210, a month.

"If the economy continues to grow like it is now, then wage pressures will emerge, which is good for consumption," said Paul Cavey, an economist for Macquarie.

In an important shift, overall rural and urban incomes so far this year are both up around 9% from last year. Though slower than in years past, that gain is actually faster than current economic growth. For several years, China's households income have lagged behind increases in headline indicators such as gross domestic product. That gap is one of the factors many economists think has constrained consumer spending and thus its ability to move beyond reliance on exports and investment.



Workers unload bags of mud in a section of the Xian subway system in China's Shaanxi province earlier this year.

Korean interest rates kept at record low level

By In-Soo Nam
And Shin Jung-Won

SEOUL—The Bank of Korea kept interest rates at a record low Thursday and dashed expectations of any increase this year, aiming to sustain a nascent recovery in Asia's fourth-largest economy.

The central bank held its benchmark rate at 2.0% for the ninth straight month as expected. Bank Governor Lee Seongtae stressed the need to maintain an accommodative stance for now, saying that the low rates are having a positive impact.

Analysts expect the central bank to start tightening rates in early 2010.

"The current policy rate is at a substantially low level," Mr. Lee said. "The bank is weighing both the positive and negative effects of low rates, but the benefits are still higher than the side effects."

The bank said exports, domestic demand and production "have improved further, but there still remains uncertainty as to the economic growth path."

Those comments were similar to last month's, but on Thursday the bank added a warning that the effects of new influenza strains could weigh on the economy.

Recent economic data have underpinned optimism that South Korea's economy is recovering faster than expected, leading some to believe that the nation will be ahead of the curve in normalizing monetary policy.

South Korea's economy grew 2.9% in the third quarter from the previous quarter, its fastest expansion in more than seven years. Industrial output grew 11% year-to-year in September, the fastest annual pace since January.

Mr. Lee said he expects gross domestic product to continue to grow in the fourth quarter, though he's uncertain if the economy will register positive growth for the full year. The bank forecasts that GDP will contract by 1.6% this year.

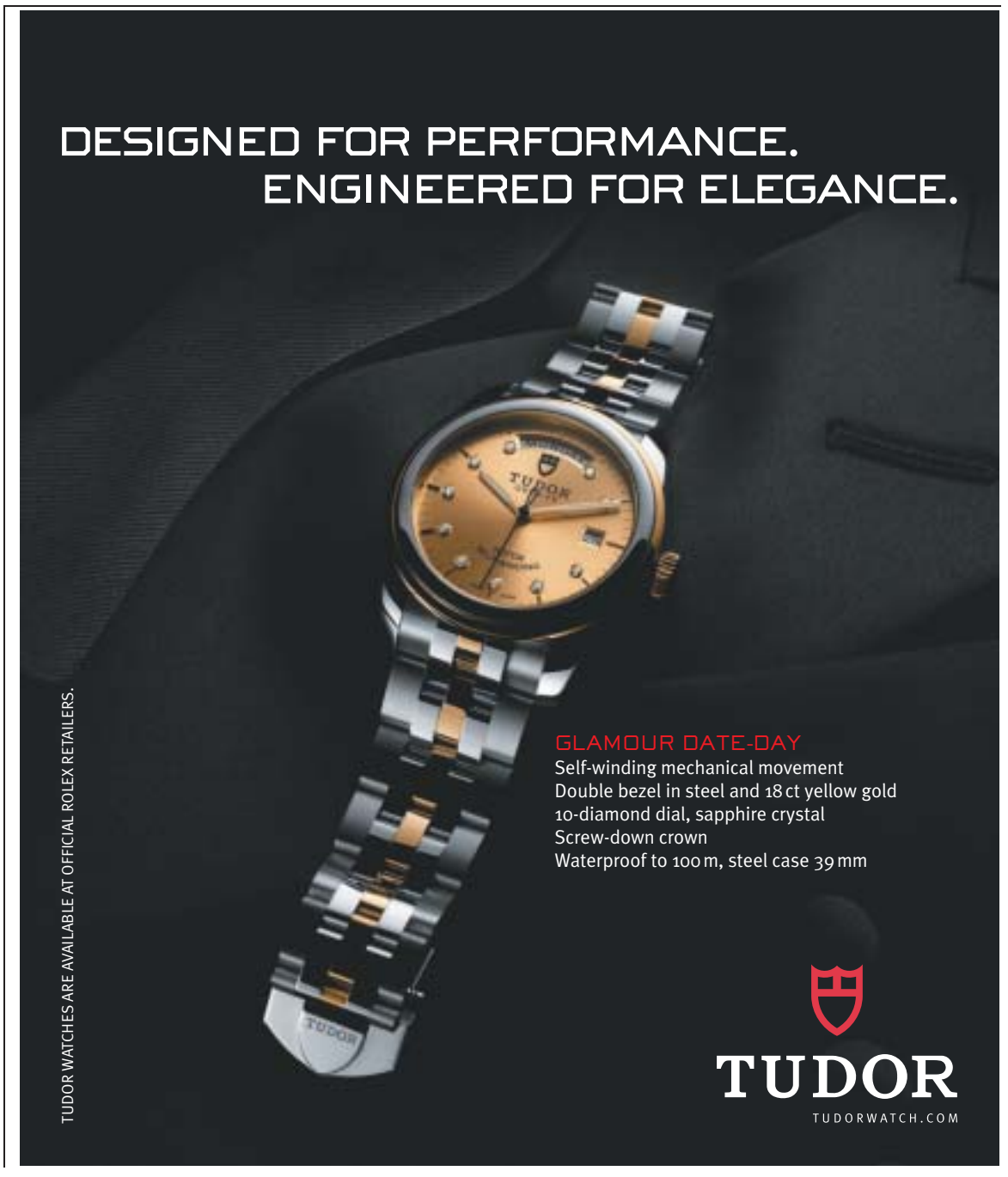
The bank noted for the first time a moderation in housing prices, and maintained its reference to a slowdown in mortgage-lending growth.

"The upward trend of real estate prices appears to have faltered...while the growth of mortgage lending has continued to flatten out," it said.

The central bank cut its main interest rate by 3.25 percentage points in the five months to February and has kept it at the current level since then to spur growth.

Many analysts expect the bank to start tightening rates in the first quarter of 2010.

—Kanga Kong and Min-Jeong Lee contributed to this article.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Chevron cautions Asia on energy

Official urges action in tapping resources; Iraq is a possibility

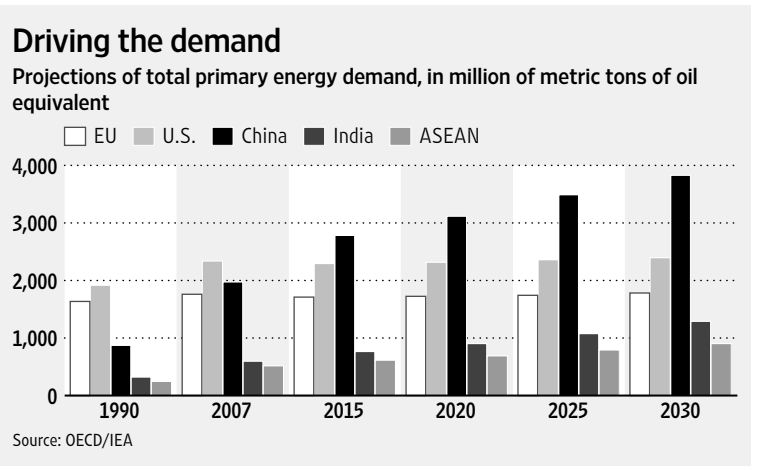
By Patrick Barta

SINGAPORE—Asian governments need to act more aggressively to boost energy security, including making it easier to develop untapped gas deposits and alternative energy to prevent shortfalls, a top **Chevron** Corp. official said Thursday.

The region's countries "have discussed strategies, policy frameworks and best practices for 10 years," said George Kirkland, Chevron's executive vice president for upstream and gas, at a meeting at the annual Asia-Pacific Economic Cooperation conference in Singapore. "Now is the time to take action."

In an interview, Mr. Kirkland said Chevron is reviewing whether to participate in bidding for Iraq oil assets next month. He also said Chevron supports U.S. efforts to increase dialogue with Myanmar, adding that the company wouldn't divest its assets there.

In terms of developing Asia-Pacific assets, Mr. Kirkland singled out Australia as a model because it offers a stable political environment and reliable fiscal terms. It also worked with Chevron to support strategies to trap carbon dioxide generated in the production of natural gas there and bury it underground, assuming long-term liability for the emissions, he said.



Chevron recently green-lighted one of the world's largest liquefied natural gas projects there—the 43 billion Australian dollar (US$40 billion) Gorgon project offshore—and hopes to proceed with a planned Wheatstone development in Australia as well, he said.

"Australia got it right with natural gas," he said.

Indonesia, where Chevron has long operated, has become more difficult to work in, he said. Other parts of Asia with potential remain unstable or off-limits to further exploration by Western companies, such as Myanmar, where U.S. sanctions prevent many major companies from expanding their presence.

Mr. Kirkland's comments come at a time when many parts of the world are awash in natural gas. He said potential surpluses could disappear if more investments aren't made, especially in Asia. Unlike the U.S., where much of the domestic gas supply is transported through pipelines, Asia relies heavily on imported liquefied natural gas, which requires capital to develop.

"You have to spend a lot of money, and until you spend the money, you don't have the gas," Mr. Kirkland said.

Mr. Kirkland suggested Chevron may play a part in an upcoming second round of bidding in December for oil assets in Iraq. He said Iraqi officials had taken steps to clarify contractual terms that could make the second round more attractive to foreign investors.

"For a big company, it will be difficult not to be there," he said, though he added, "we've not reached a final decision on our bids."

Mr. Kirkland said Chevron also remains interested in Myanmar, but won't expand there so long as U.S. sanctions—put in place because of the country's long history of human-rights abuses—remain. Mr. Kirkland said Chevron is "strongly supportive" of a recent initiative by the Obama administration to expand dialogue with Myanmar's ruling military regime.

"You can't make progress unless people are talking," he said, adding that Chevron would "love to see" diplomatic progress in the country, which could lead to improvements in living standards for Myanmar residents as well as potential investment opportunities for Chevron, though any further opening of the country could be years if not decades away.

Chevron has come under criticism from international rights activists for its Myanmar investments, which it acquired when it bought U.S. oil-and-gas producer Unocal Corp. several years ago. But Mr. Kirkland said Chevron has no intention of pulling out.

Myanmar has "some good basins" and "there just isn't an unlimited number of basins" left in the world to explore and develop, he said. It is unlikely Chevron would decide to move out of the country, he said.

"You hate to exit," he said. "Once you exit, it's hard to return."

APEC nations call on U.S. to stabilize dollar

Continued from first page

cies lately. He added that it remains too early to talk of asset bubbles—a concern that has emerged recently in places such as Hong Kong, where high-end property prices have soared.

"The big challenge we face is laying the foundations for growth," he said.

The APEC finance ministers agreed that the worst is over for the global economy. In a statement, the ministers said massive stimulus spending had averted a potentially worse global recession in the past year but they pledged to "remain vigilant until the economic recovery gains traction."

They also agreed that a likely sustained drop in U.S. demand—as unemployment continues to rise—means that in coming years the region will need to find other domestic sources of growth, including from China and elsewhere in Asia.

"We need to find new sources of demand in order to keep growing," said Singapore Finance Minister Tharman Shanmugaratnam, who chaired the APEC meeting.

New sources of growth could come from reforms that boost private investment and increase productivity in the region, he added. APEC finance ministers announced a raft of measures aimed at reducing obstacles to business, from obtaining permits to enforcing contracts.

On the currency issue, the ministers underlined the importance of "market-oriented exchange rates that reflect underlying economic fundamentals"—generally viewed as code for a stronger yuan. But Sri Mulyani Indrawati, finance minister of Indonesia, which competes in shoe- and garment-exports markets with China, said it was important that any move from a fixed to a floating-rate exchange system be done with caution.

Agence France-Presse

Indonesian President Susilo Bambang Yudhoyono, right, with Malaysian Prime Minister Najib Razak outside the prime minister's office in Putrajaya, Malaysia, on Thursday. The two spoke before heading to Singapore for the APEC summit.

"We don't want to see the Chinese economy disrupted," Ms. Sri Mulyani said.The weak U.S. dollar has aided American businesses that export to Asia, which accounts for half the global economy and is leading the world out of recession. Yet some U.S. business leaders are concerned that China, which has signed a raft of free-trade pacts with its Asian neighbors in recent months, is taking the lead on trade in the region while Washington's efforts to deepen trade ties with nations such as South Korea face opposition from Congress.

The APEC group includes 21 economies and holds meetings of finance ministers, trade officials and heads of state annually to discuss ways to coordinate economic policies and liberalize trade.

President Barack Obama, who headed to Japan Thursday for his first Asian tour since taking office, will attend an APEC leaders' summit over the weekend, which is expected to discuss broadening trade cooperation. He will then fly to China and South Korea.

Siemens sees region leading 'green' effort

By Patrick Barta

SINGAPORE—Asian countries, backed by giant economic-stimulus packages, are leading the world in investments in "green" technologies, the chief executive of **Siemens** AG said Thursday.

Peter Löscher said in an interview on the sidelines of the Asia-Pacific Economic Cooperation summit that countries such as China have moved more quickly than the U.S. to spend their stimulus packages and are increasingly doing so on high-tech, low-pollution technologies such as high-speed trains.

"If you ask us where we sell the most advanced technologies" now, he said, "it's Asia and China." China's economic rebound and spending programs are turning out to be "stronger than one would have anticipated," he said.

The company also released the results of a study it sponsored suggesting the latest economic crisis may ultimately stimulate greater spending on green technologies.

Some analysts have questioned whether stimulus spending will generate as much long-term demand as expected for energy-saving and other green technologies. Some countries, such as the U.S. and Thailand, have run into delays in implementing spending plans. With billions of dollars of money unused and signs of asset bubbles emerging in some parts of the world, some economists have suggested governments should begin reining in stimulus efforts.

But Mr. Löscher said Siemens—which benefits from stimulus spending on items including high-tech motors and power systems—is sticking to earlier estimates of the windfall it could receive from government spending. He said the company is expecting about €15 billion (about $22.5 billion) in orders for equipment from stimulus packages by 2012.

"I'm still very encouraged by how they're being rolled out globally," he said, but added "I've not heard anyone talking about additional programs" of stimulus spending.

Siemens said earlier this week that it generated €23 billion in revenue from products in what it calls its "environmental portfolio" in the fiscal year ended Sept. 30, an increase of 11% from the year before, despite the global recession. The portfolio of products includes wind power systems, gas turbines, energy-efficient lighting and other products.

Siemens has highlighted a number of energy-efficient projects it is collaborating with Chinese officials on, including a 1,400-kilometer power distribution "superhighway" that will transport 5,000 megawatts of power from the country's interior to its coastal cities, and building automation systems in Shanghai that Siemens says will cut energy costs and reduce annual carbon dioxide emissions.

Mr. Löscher says he continues to believe the global economy will achieve a sustainable recovery. The global economy "will definitely come back," he said. "The question is how fast it will get back to levels of 2007 and 2008."

CORPORATE NEWS

Hyosung abandons bid for stake in Hynix

Conglomerate blames speculation of preferential treatment; creditors of chip maker start process over

By Jung-Ah Lee

SEOUL—South Korean conglomerate **Hyosung** Corp. dropped its bid to buy a controlling stake in **Hynix Semiconductor** Inc. valued at $2.76 billion, forcing the chip maker's creditors to restart its search for a buyer.

Hyosung, a South Korean conglomerate with businesses in textile, chemicals and heavy machinery, said Thursday that because of rumors and speculation that it had received preferential treatment to buy Hynix, it had abandoned its offer for a 28% stake in the chip maker. At current prices, that stake is worth 3.2 trillion South Korean won.

Creditors will target a domestic buyer for Hynix, said **Korea Exchange Bank**, the chip maker's largest shareholder.

Shares in Hyosung surged by their 15% daily limit to close at 79,100 won on the news of the dropped bid. Hynix shares closed 1.8% lower at 19,600 won.

In 2001, Hynix nearly collapsed under the weight of its debt after chip prices plunged. It was bailed out by creditors including Korea Exchange Bank and Korea Development Bank, which became the company's shareholders via several debt-to-equity swaps.

Hynix declined to comment on Hyosung's withdrawal, but Chief Executive Kim Jong-kap said the chip maker will continue to work at improving its business.

Hynix posted a third-quarter net profit on a rebound in chip prices after seven consecutive quarters of losses and financial support from its shareholders, including loans, as well as extensive restructuring.

Hyosung's pullout came amid ongoing market speculation over whether the company had the management capability to control Hynix, which is about four times bigger by market capitalization.

> Analysts say the prospects for a revived sale of the 28% stake don't look promising.

"We had a business plan that included raising funds by selling some of our businesses and assets, as well as becoming a holding company and forming a consortium with financial investors [to help raise funds to buy out Hynix] at home and abroad," Hyosung said.

Hyosung had sparked talk of preferential treatment after it missed an initial deadline of Oct. 30 to submit a preliminary acquisition proposal and received a two-week extension from Korea Exchange Bank .

"We made a very difficult decision to withdraw from the bid because of unfounded speculation and rumors in the market that we were given preferential treatment in the bidding process, which made it impossible to pursue fair bidding," Hyosung said in a regulatory filing.

Analysts said the prospects for a revived sale of Hynix don't look promising, given that Hyosung was the only bidder in the last round.

Jay Kim, an analyst at Hyundai Securities, said that with chip prices beginning to rise, a buyer would have to fork out a higher price for the stake.

In addition, there are other asset sales that are competing for investor money in the market. Among those are several Daewoo companies being sold by creditors-turned-shareholders, namely Daewoo Shipbuilding & Marine Engineering Co., Daewoo Engineering & Construction Co. and trading firm Daewoo International.

Shareholders selected Credit Suisse, Woori Investment & Securities and Korea Development Bank as joint lead managers for the sale in November last year, but the financial turmoil brought on by the credit crisis delayed the sale process to September this year.

Employees of Hynix Semiconductor work at its headquarters in Seoul.

Hynix vs. Hyosung | Daily share performance

Maersk's loss signals slow recovery in shipping

By John W. Miller

A.P. Moller-Maersk AS reported a hefty loss for the first nine months of the year, a sign that shipping will recover at a slower pace than global trade as an excessive ship-building spree continues to take its toll.

Copenhagen-based Maersk said Thursday it lost $778 million for the period. Maersk posted a profit of $3.5 billion a year earlier.

Maersk expects to lose a billion dollars this year.

"This is a worse development in the container market than we expected," said Jacob Pedersen, an analyst with Denmark's Sydbank AS.

Revenue from Maersk's oil and gas units are expected to stay flat from last year.

Shipping usually tracks trade closely because 90% of goods are moved on the seas, but that's not the case today.

Trade is recovering: The International Monetary Fund expects a 2.5% increase next year after an 11.9% drop in 2009. But shipping revenue is expected to lag behind because of the deflated prices charged for moving a 40-foot container from continent to continent.

Maersk's prices have fallen 32% on average from last year as volume fell just 3%, said Maersk Chief Executive Nils Smedegaard Andersen.

The industry's average price of moving a 40-foot container on the world's 42 main shipping routes was $2,040 in September, down 17% from a year earlier, according to Drewry Shipping Consultants Ltd., a London-based consulting firm.

Maersk's ills are emblematic of an industry that bet heavily on the trade boom early this decade. Companies ordered so many ships that shipyards still have to deliver the equivalent of 40% of the world's current fleet, according to analysts.

"There's just no way the market can absorb all that," said Philip Damas, an analyst for Drewry. "People are losing serious money in the container business right now."

Maersk and other carriers have responded by laying off staff, docking ships, steaming slower, circumventing the expensive Suez Canal and canceling orders for ships.

However, that's not enough. Mr. Andersen said he expects that "the container market and the tanker market—the shipping industry in general—will remain under pressure in 2010."

Even recent price increases will be cold comfort. "Rates are edging back up, but they are still below the entry level of 2009 and are not rising faster than [fuel]," he said.

Sydbank's Mr. Pedersen said it will take time for the effects of rate increases to trickle down to the bottom line.

Maersk isn't the only carrier experiencing major difficulties. **Neptune Orient Lines** Ltd., the world's fifth-biggest container carrier, projected a loss of $636 million this year. German container port operator **HHLA** AG said Thursday its container revenue would fall 30%.

Shipping of dry-bulk goods, such as wheat and coal, is faring better than for containers and oil tankers.

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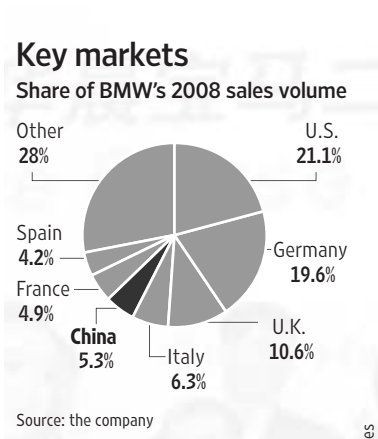
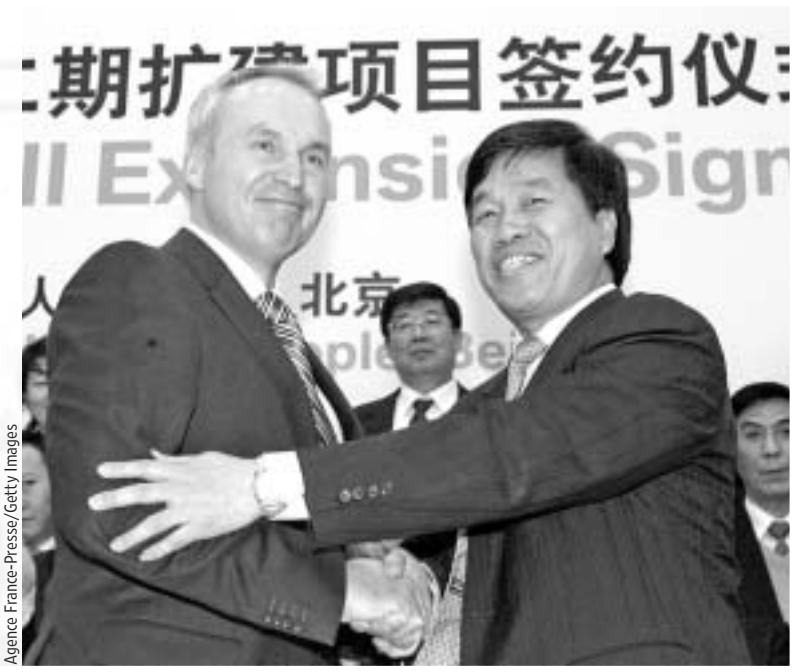




Agence France-Presse/Getty Images

Friedrich Eichiner, BMW's chief financial officer, and Qi Yumin, chairman and president of Brilliance Automotive Holdings, at the signing ceremony in Beijing Thursday for the expansion of their joint project.

BMW to add a plant in China

Deal with Brilliance Automotive to boost output to 100,000

BMW AG said it would build a second plant in China with its local joint-venture partner, making the German company the latest foreign auto maker to increase its presence in the rapidly growing Asian market.

*By **Christoph Rauwald** in Frankfurt and **Patricia Jiayi Ho** in Shanghai*

The German luxury-car maker said Thursday that it and partner **Brilliance Automotive Holdings** Ltd. plan to spend €560 million ($836.6 million) on the plant, which is to begin making cars in 2012. The factory will increase BMW's production capacity in China to 100,000 cars a year from 41,000.

China is poised to surpass the U.S. this year as the world's largest car market. Foreign auto companies have seen rapid growth there this year, even as sales have plunged in more established markets.

On Thursday, Dong Yang, executive vice chairman of the China Association of Automobile Manufacturers, said overall auto sales in the country could reach 13 million vehicles this year, up from 9.38 million last year.

Already, in the first nine months of 2009, China's vehicle sales rose 34% from a year earlier to 9.66 million, amid a faster-than-expected recovery in the world's third-largest economy.

Other foreign car companies have been expanding production in China. **General Motors** Co. last December opened a passenger-vehicle plant in northeastern China. **Ford Motor** Co. in September announced plans to build its third car-assembly plant in China.

On Thursday, **Guangzhou Automobile Industry Group** Co. said it is considering expanding the capacity of its China joint venture with **Honda Motor** Co. "Our capacity usage at Guangzhou Honda has already reached 100%," Guangzhou Auto Chairman Zhang Fangyou said.

China already is the fourth-largest single market for BMW, the world's best-selling premium auto maker by sales. But BMW and Mercedes-Benz manufacturer **Daimler** AG are playing catch-up in China with smaller rival Audi. Audi's parent company, **Volkswagen** AG, was an early entry into the market, giving it a leg up.

BMW sold 71,952 vehicles in China in the first 10 months of the year, up 37% compared with 52,622 cars sold in the same period last year and exceeding the full-year sales volume from 2008 already.

The German company and its Chinese partner so far have invested about €450 million in the Chinese venture, which has produced approximately 150,000 vehicles since it was established in 2003.

The new plant will add around 1,000 jobs to the 3,300 existing jobs at the joint-venture site, in the northeastern city of Shenyang.

"Our plant has reached its capacity limit, so we are now taking the next step," BMW Chief Financial Officer Friedrich Eichiner said in announcing the new plant. He said the move is also "an important strategic step towards reducing our exposure to currency fluctuations."

Wal-Mart's profit rises despite weak rise in sales

By Karen Talley And Ann Zimmerman

Wal-Mart Stores Inc. Treasurer Charles Holley said he expects a particularly competitive holiday season for retailers as customers continue to worry about their finances and rising unemployment.

Still, he said, the retailer's discounts on everything from turkeys to Xbox 360 videogame consoles is driving increased traffic to the store ahead of Black Friday, the day after Thanksgiving and the official start to the holiday shopping season.

Michael Duke

Wal-Mart's recent move to sell 10 hotly anticipated books and DVDs on its Web site resulted in "record hits" to Walmart.com, he said in a news conference after the world's biggest retailer by sales released results for its fiscal third quarter. He said the company doesn't expect to lose money on those sales. While Wal-Mart reported a 3.2% gain in earnings for its fiscal third quarter, its guarded holiday outlook reflected that of other major retailers.

"We recognize that some customers may be more cautious in their holiday spending," Wal-Mart U.S. chief Eduardo Castro-Wright said in a conference call.

Wal-Mart projected same-store sales will be flat to down 1% for the current quarter. Such sales, those at locations open at least a year, rose 2.4% in last year's fourth quarter.

The company, based in Bentonville, Ark., forecast fourth-quarter profit of $1.08 to $1.12 a share. Analysts surveyed by FactSet Research had forecast $1.12 on average.

Kohl's Corp. also offered tempered expectations Thursday, with its forecast below what analysts were expecting. **Nordstrom** Inc. was scheduled to report results after the close of regular trading Thursday, and other retailers are due to report in the following days. Investors are likely to ask, "Can Wal-Mart meet or beat its guidance given its aggressive pricing strategy for the holidays," said Brian Sozzi, a retail analyst at Wall Street Strategies.

Wal-Mart has fared better than nondiscount retailers in the economic slump. Signs of economic revival could boost spending and diminish Wal-Mart's price advantage. But consumer sentiment is unlikely to rise sharply until the unemployment rate drops.

Wal-Mart reported third-quarter profit of $3.24 billion, or 84 cents a share, up from $3.14 billion, or 80 cents a share, a year earlier. In August, the company projected earning 78 cents to 82 cents a share. President and Chief Executive Michael Duke attributed the profit growth to improved productivity and inventory management. Net sales increased 1.1% to $98.67 billion and rose 3.8% excluding currency-exchange effects.

—Joan E. Solsman and Kevin Kingsbury contributed to this article.

Peugeot-Citroën says it will boost profit

By David Pearson

VELIZY-VILLACOUBLAY, France—French car maker **PSA Peugeot-Citroën** on Thursday unveiled a three-year, €3.3 billion ($4.94 billion) plan to improve its profitability that relies on cost savings and increasing sales in high-growth markets.

Europe's second-largest automotive group after Germany's **Volkswagen** AG estimates that its average operating margin lags those of the five top car companies by six percentage points. It aims to achieve a gain of €3.3 billion in operating profit between 2010 and 2012.

Chief Executive Philippe Varin, in a presentation to analysts and journalists, said 55% of the improvement will come from reducing production, development and overhead costs. A further 30% will come from sales and marketing efforts, and the remainder from sales in high-growth markets.

Peugeot-Citroën earlier raised its full-year operating-profit guidance to break even due to the success of its new models and the recent improvement in auto markets.

Bloomberg News

PSA Chief Executive Philippe Varin with a Peugeot 5008 last month.

The company's sales of smaller cars have been boosted this year by government incentives. Over the first nine months of the year, Peugeot-Citroën's sales in Europe fell 6.6%, in line with the overall market. Sales rose 6.8% on a year-to-year basis in September. Peugeot-Citroën said output in the fourth quarter is now expected to be 17% higher than the third quarter and 30% higher than a year earlier.

—Geraldine Amiel contributed to this article.

FamilyMart convenience stores in talks to acquire Japanese rival

By Juro Osawa

TOKYO—Convenience store operator **FamilyMart** Co. is in talks to buy its unlisted smaller rival, **am/pm Japan** Co., to better compete in an environment of diminished consumer spending.

"The decision [on an acquisition] could come quite soon," said a person familiar with the matter.

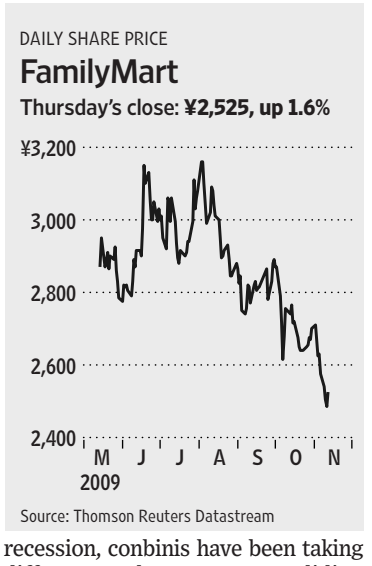
The person didn't disclose the value of a possible deal. But local press reported that FamilyMart, 32%-owned by the **Itochu** Corp. trading house, may pay around 10 billion yen ($111.3 million). Terms are still being worked out with am/pm's parent, restaurant chain operator **Rex Holdings**. An Itochu spokesman declined to comment.

A deal would give FamilyMart—already the third-biggest convenience store chain in Japan by both revenue and store numbers—a combined 8,700 outlets. That would bring it closer to **Lawson** Inc., the second-biggest chain, with 9,665 stores at the end of October, according to company figures.

Of 40,000-plus convenience stores in Japan, industry leader 7-Eleven had 12,471 stores at the end of October. FamilyMart had 7,601, and am/pm had 1,108.

Known as "conbinis," Japan's sprawling convenience store chains sell everything from mobile phone chargers to instant noodles, and are the dominant force in the food and personal goods retail sector.

But as the economy limps out of recession, conbinis have been taking different tacks to counter sliding profitability. And analysts expect competition to only intensify as the country's population shrinks and ages.



Same-store sales at Japan's convenience stores dropped 5.6% to 605.5 billion yen in September, compared with the same month a year earlier, according to the Japan Franchise Association. It was the fourth straight month of year-to-year declines.

FamilyMart's acquisition plan contrasts with **Seven & i Holdings** Co.'s move to expand private label goods to bolster sales at its 7-Eleven chain.

—Ayai Tomisawa contributed to this article.

H-P to acquire 3Com for $2.7 billion

Purchase of maker of networking gear puts company on Cisco's turf; upbeat earnings for fiscal quarter

By Justin Scheck

Hewlett-Packard Co. said it agreed to buy networking-gear maker **3Com** Corp. for $2.7 billion in cash, the latest move by H-P to bulk up its product line amid a broader push by the few remaining technology giants to turn themselves into one-stop shops for corporate customers.

The Palo Alto, Calif., company—the world's largest tech concern by revenue—also preannounced positive fiscal fourth quarter results. It posted an 11% jump in operating earnings and an 8% decline in revenue from a year ago, beating analyst estimates. In a sign the tech industry is leaving the recession behind, H-P also raised its revenue forecast for the new fiscal year.

By buying 3Com, a onetime leading tech company that has fallen on tougher times this decade, H-P is aiming to goose its growth. The move also puts H-P more squarely on the turf of **Cisco Systems** Inc.

David Donatelli, H-P's vice president in charge of the corporate-computer division, said 3Com has a better set of networking products for large corporate clients than H-P currently sells and a market share of more than 30% in the China networking market. With the deal, Mr. Donatelli said, "we get industry-leading products."

The 3Com deal is the latest step in a march toward tech-industry consolidation by behemoths like H-P, Cisco, **Dell** Inc. and **Oracle** Corp. In the past, these companies largely stuck to their own niches, with Cisco specializing in networking gear, Dell in personal computers, Oracle in enterprise software, and H-P in PCs and printers.

But amid shrinking tech spending over the past year, these giants have pursued new growth by spilling into each other's turf, sparking new competition and undoing what had been friendly relationships.

Since last year, Cisco has moved into servers, previously the province of H-P and Dell. Meanwhile, H-P took aim at Cisco with investments in networking. Earlier this year, Oracle made a deal to snap up server maker Sun Microsystems Inc., throwing it into the computer business.

The goal now is to sell "complete systems" made of chips, computers, storage devices and software, said Oracle Chief Executive Larry Ellison earlier this year. He is betting that approach will appeal to corporate customers tired of assembling technology from multiple vendors.

A recent spate of deal making in the tech sector has bolstered the move of large tech companies toward becoming one-stop shops. Dell recently purchased services company Perot Systems, for instance, moving it squarely into the tech-consulting turf dominated by **International Business Machines** Corp. and H-P. And Cisco paid $3 billion for video-conferencing maker Tandberg SA in a move aimed against H-P's videoconferencing systems.

Not all tech giants are moving toward the one-stop shop, however. **Motorola** Inc., which is grappling with how to position itself amid tough competition, is trying to get out of the networking-gear market by attempting to sell off that division of its business, for instance. And several years ago, IBM sold its PC unit to **Lenovo Group** Ltd.

An H-P acquisition of **3Com** is also the latest move by H-P CEO Mark Hurd to remake the company. Since he joined in 2005, he has cut costs and beefed up the company in such areas as tech consulting. Last year, H-P purchased Electronic Data Systems Inc. for $13 billion, putting it in stronger competition with IBM.

H-P, which was heavily reliant on printer-ink sales for profits when Mr. Hurd joined, now gets a more diversified profit stream.

At H-P, a networking acquisition had been considered for months, say people familiar with the matter. While H-P has for years had a networking division, called ProCurve, it didn't step up its investment in the business until last year. That was when it shifted Marius Haas, H-P's former mergers-and-acquisitions chief, to oversee ProCurve. H-P has since expanded ProCurve offerings and tried to combine them with server computers.

More recently, H-P began looking to bulk up the business with an acquisition, say the people familiar with the matter. In recent months, H-P had discussions about buying **Brocade Communications Systems** Inc., which makes high-end networking equipment, these people say.

3Com, which had revenue of $1.32 billion in its fiscal year ended May 29, has been looking to sell itself for some time. In 2007, the Marlborough, Mass., firm signed a $2.2 billion deal to be purchased by Bain Capital and China's Huawei Technologies Co., but that deal was abandoned in March 2008 due to opposition from a U.S. security panel.

Buying 3Com was a surprise because 3Com's business is largely focused on China and it's best known for being "a low-end provider of networking," like H-P, said Ashok Kumar, an analyst with Collins Stewart. But Mr. Donatelli, the H-P executive, said that perception comes largely from the fact that much of 3Com's high-end business is in China. After testing 3Com's high-end equipment, he said, H-P decided to replace much of its current internal networking gear with 3Com appliances.

3Com, founded in 1979, was a pioneer in a networking technology dubbed Ethernet that became a mainstay as PCs were connected together and later to the Internet. Over the years, it became a broader player in networking and other businesses, partly through acquisitions. It wound up as the owner of handheld computer maker **Palm** Inc. through one deal, for example, but later spun that company off.

In the 1990s, 3Com was outdistanced by **Cisco** and went through a series of restructuring moves and strategy changes. In 2003, it moved from its Silicon Valley headquarters to Marlborough, Mass.

In 2007, the company signed a $2.2 billion deal to be purchased by **Bain Capital** and China's **Huawei Technologies** Co., but that deal was abandoned in March 2008 due to opposition from a U.S. security panel.

With the 3Com deal, H-P becomes the world's second-largest maker of networking gear after Cisco, said Mark Fabbi, an analyst at market-research firm **Gartner**.

—Don Clark contributed to this article.

Reuters

The deal is the latest step in a march toward tech-industry consolidation. Above, H-P chief Mark Hurd at a conference in Pasadena, Calif., in July.

China extends probe of Rio executive

By Sam Holmes

SINGAPORE—Australian Foreign Minister Stephen Smith said the investigation by Chinese authorities surrounding detained **Rio Tinto** Ltd. executive Stern Hu has been extended by two months.

Mr. Smith also said he will meet his Chinese counterpart, Yang Jiechi, in Singapore where he will discuss Mr. Hu's arrest.

"Our officials were advised ... that the Chinese authorities in accordance with Chinese law have extended the investigation period for a further two months," he said on the sidelines of the APEC summit in Singapore. "That takes the investigation period as I understand it to early to mid-January."

China Ministry of Foreign Affairs spokesman Qin Gang said China will handle the case according to Chinese law and through diplomatic links with Australia.

The Chinese government detained Mr. Hu, Rio Tinto's chief iron-ore negotiator, and other employees earlier this year. It accused them of stealing commercial secrets.

Australian consular officials visited Mr. Hu, who is an Australian citizen, in detention Oct. 9. The next scheduled visit is next month.

Mr. Smith said that "it is in everyone's interest" that the matter is resolved as quickly as possible. "We have different systems, different values and as a consequence of that from time to time ... differences will arise and we understand and accept those differences," he said.

Mr. Smith has said in the past that short-term difficulties in Australia's relationship with China won't affect long-term trade between the two nations.

THE MART

ANNOUNCEMENTS

PUBLIC ANNOUNCEMENT
Greater Baton Rouge Port Commission
Request for Proposals (RFP) For the Operation of the Public Grain Elevator and Export Facility
Port Allen, Louisiana, U.S.A. 70767 Website: www.portgbr.com
The Greater Baton Rouge Port Commission (GBRPC) is seeking proposals from qualified firms to operate its public grain elevator and export facility (PGE&EF). Proposal must demonstrate the company's experience and capability in the operation, administration and maintenance of a PGE&EF. Proposers shall validate a financial net worth equal to or in excess of $500,000,000.00 (U.S.). To obtain a complete explanation of the proposal process and request an RFP packet, submit a written request to grainelevrfp@portgbr.com. The GBRPC will only accept and reply to written questions and requests for information sent to this email address. Final date to submit written questions is 2:00 p.m. (CST) December 31, 2009. All proposals must be received by 2:00 p.m. (CST) on January 15, 2010.

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CORPORATE NEWS

Drug makers seek Web cues

FDA hearing weighs how to adapt rules to online marketing

By Emily Steel

Eager to expand use of the Web to advertise their products, pharmaceutical giants, including **Eli Lilly** and **Pfizer**, were in Washington Thursday calling on the Food and Drug Administration to provide guidelines for marketing prescription drugs online.

ADVERTISING

Drug companies are dabbling with Internet advertising, but their efforts have been minimal. Most of the ads promote broader health or corporate initiatives, rather than individual medicines. That's chiefly due to industry fears of running afoul of regulators.

Seeking a bigger piece of one of the country's largest ad categories, Web companies including **Google**, **Yahoo** and **WebMD Health** also attended Thursday's hearing at the FDA, which has been scrutinizing drug makers' digital marketing efforts.

For the past several years, pharmaceutical advertising has been one of the few cash cows remaining for traditional media like television and magazines. Drug companies spent $4.4 billion on ads for prescription drugs last year, according to TNS Media Intelligence, an ad-tracking firm owned by WPP.

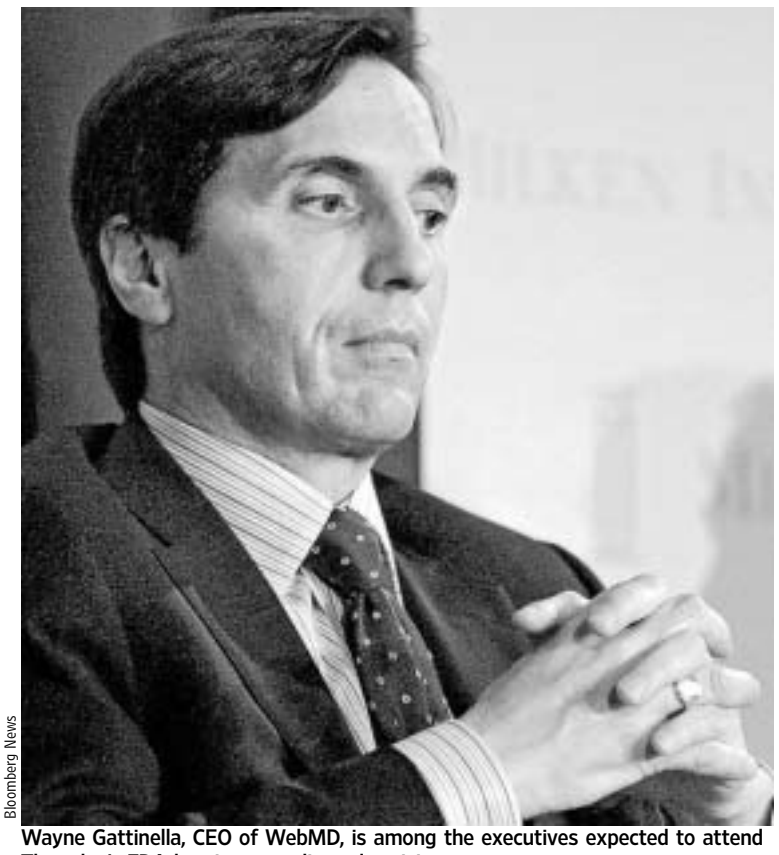
Internet companies such as Google have missed out on most of those ad dollars despite the average of 91 million Americans who seek health information online each month, according to comScore. Pharmaceutical companies spent just $130 million to advertise prescription drugs on the Web last year, TNS says. The Internet ad figures only account for spending on display ads, the graphical ads that run alongside content on a Web page.

"The first place that consumers turn when they have a health question today is the Internet. Yet pharmaceutical companies still spend the vast majority of their marketing in traditional media," says Wayne Gattinella, chief executive at WebMD.

The FDA has established strict rules for drug advertising. Among other requirements, ads that mention the brand name of a prescription drug must also include disclosures, such as the condition the drug is intended to treat and potential side effects. The FDA hasn't set specific standards for online marketing.

The agency has said existing regulations can address many aspects of advertising on the Web, but that other aspects, such as search marketing and social media, could warrant additional guidance.

An FDA spokeswoman declined to comment on the agency's plans, noting that the purpose of Thursday's hearing is to gather information.



Bloomberg News

Wayne Gattinella, CEO of WebMD, is among the executives expected to attend Thursday's FDA hearing on online advertising.

Industry executives say lack of FDA guidance about how to apply existing drug-marketing rules to new media has been a stumbling block.

"Clearly when you look at the number of people on Twitter and Facebook, there is no doubt how people want to communicate," says Ray Kerins, vice president of worldwide communications at Pfizer.

> 'Some Internet firms are proposing new formats for online drug ads.

"This is a new medium, and we need guidelines so that we can educate patients and physicians in a safe and appropriate way."

Of course, calling for more regulation could backfire and greatly limit the scope of drug marketing online.

The FDA hearings are set to focus in part on how drug marketers should make required disclosures about their products within time and space confines of the Web. Marketers have grown especially cautious about Web ads since March, when the FDA sent letters to 14 companies, telling them that their search ads needed to include risk information about their drugs in the text of the ads. Several drug makers pulled their search ads for a period and recently started testing ways to include adequate disclosures.

Eli Lilly, one of the companies that received such a letter, says it now buys search ads that refer to just the brand name of a medicine, instead of its name and the condition it treats.

A search for erectile dysfunction drug Cialis, for example, might elicit an ad with a link to www.cialis.com, which includes disclosures, and text that reads "Official Site. Free Trial Voucher." Lilly also buys ads that refer to specific diseases without mentioning a treatment. A search for "depression," for instance, might bring up an ad with text that reads "Depression Questions?" and includes a link to Lilly.com/Depression.

The company says it is trying to figure out how to advertise medicines for which the FDA requires prominent safety warnings, such as Cymbalta, which is used to treat depression.

Some Internet companies and trade groups are proposing new formats for online drug ads. Google is pitching a design for its search ads that include an extra line for disclosures. For example, a search for "Yaz birth control" would reveal an ad with a link to the official site for the drug as well as a separate line that says "click to see full safety and prescribing information, including boxed warning." Yahoo is testing a new format for display ads that would include a link inside the ad for safety information.

The Pharmaceutical Research and Manufacturers of America, a trade group representing pharmaceutical research and biotechnology companies, is recommending that the FDA sanction a special logo for ads and Web sites that would indicate FDA-regulated risk information. "It would be helpful to have some clear guidance that these practices are acceptable. We're not getting the clarity in the marketplace that we would like to get," says David Zinman, vice president and general manager of display advertising at Yahoo.

Social media sites such as Twitter, Facebook and Google's YouTube, raise other questions for drug advertising.

The FDA is exploring whether pharmaceutical brands should be held responsible for consumer-created content that mentions their brands, if pharmaceutical brands should be held accountable for false information about their products online and how they should be held responsible for monitoring adverse events related to their products.

Doses of promotion

Ad spending on prescription medications in 2008, by medium

Television	$2.76 billion
Magazine	1.41 billion
Internet	129.7 million
Newspaper	93.6 million
Radio	15.8 million
Outdoor	3.1 million

Source: TNS Media Intelligence

Hongkong Land expects no increase in rents

By Joyce Li

HONG KONG—**Hongkong Land Holdings** Ltd., one of Hong Kong's biggest commercial landlords, said it expects office rents to remain steady or fall when they are renewed toward the end of 2009.

Leases in Hong Kong are renewed roughly every three years, and rents since the middle of 2009 have been higher than they were in the corresponding period of 2006.

Rents had increased between July 1 and Nov. 11 this year. Vacancies in the company's Hong Kong office portfolio totaled 5.5% as of Oct. 31, the same as at the end of June.

The group's commercial properties in Singapore were fully let at the end of October, but the company said the market remains difficult and a significant amount of new grade-A office space is due for completion over the next three years.

Hongkong Land said its residential project in the Hong Kong district of Mid-Levels, The Sail at Victoria, was 91%-sold at the end of October, which will boost its full-year result. Hongkong Land is an associate of Singapore and U.K.-listed conglomerate **Jardine Matheson Holdings**, which also owns retailer **Dairy Farm International Holdings** Ltd. and **Mandarin Oriental International** Ltd.

Jardine Matheson, whose business focuses mainly on Asia, said its earnings continued to improve and for the period from July 1 to Nov. 11 were ahead of the same time last year.

Luxury-hotel operator Mandarin Oriental said the continued weakness in demand in the corporate and leisure segments kept occupancy and average room rates under pressure.

"While all regions have been affected, conditions in Europe were less challenging than in Asia and the Americas," Mandarin said.

Dairy Farm, whose operations include the Wellcome supermarket chain, Mannings health and beauty stores, and 7-Eleven convenience stores, said sales grew during the period from July 1 through Nov 11.

But the rate of increase slowed slightly from the first half of the year when measured in constant currency terms because of lower inflation, it said, without elaborating.

Fortescue plans mining expansion

By Elisabeth Behrmann

SYDNEY—**Fortescue Metals Group** Ltd. Chief Executive Andrew Forrest outlined detailed expansion plans against a backdrop of increasing demand for iron ore and expectations for rising spot prices.

"We are taking more calls from potential customers than during the 2008-09 peak. Everyone is looking for iron ore. Spot prices will continue to firm," Mr. Forrest said in a speech.

Mr. Forrest expects the company, which started iron-ore shipments to Chinese customers during 2008, to hit a targeted run rate of 55 million metric tons by the end of next year.

A planned second major expansion—the so-called Chichester hub—to 95 million tons would take another 12 to 18 months after that, he said.

Last month, Fortescue posted strong first-quarter production figures, mining 10.3 million tons of ore, up from 8.9 million in the fourth quarter of fiscal 2009, and said it expected to ship ore at a rate of 35 million tons a year during the second quarter.

Bloomberg News

Fortescue CEO Andrew Forrest

In late September, Fortescue abandoned plans to source $6 billion in funding from Chinese financiers for its expansion plans because the miner couldn't agree on terms.

GLOBAL BUSINESS BRIEFS

General Electric Co.

United Technologies to buy security and fire-safety unit

United Technologies Corp. agreed to acquire **General Electric** Co.'s electronic-security and fire-safety operation for $1.82 billion. United Technologies touted the deal as a means to enhance its position "as a leading franchise" in the $100 billion global industry and widen its footprint in North America. GE has ample use for the cash. The Fairfield, Conn., conglomerate has been working to reduce the size of its finance unit and to improve its balance sheet. GE also is among the bidders for the transmission and distribution business of French nuclear-power group **Areva** SA.

Anheuser-Busch InBev

Anheuser-Busch InBev said cost-cutting bolstered earnings in the third quarter, but the brewer's sales slowed in the face of the global recession. Sales fell 10% to $9.76 billion as volume dropped 5.1%. Volumes plunged 20% in Russia in the quarter. Earnings before interest, taxes, depreciation and amortization, adjusted for one-time items, were flat at $3.55 billion. Cost-cutting kept profits from declining despite lower sales. The maker of Budweiser, Stella Artois and Beck's said it is on track to cut $2.25 billion in costs by the end of 2010. Net profit totaled $1.55 billion, up from $690 million. But the quarter included $414 million of one-time gains, mostly from selling Korean assets.

Thaksin risks reputation in Cambodia

Exiled Thai ex-premier gives advice to Bangkok's bitter rival, as his successor prepares to share stage with Obama

By James Hookway

BANGKOK—Since Thai leader Thaksin Shinawatra was forced out of power in a military coup three years ago, he has made a show of traveling the world to keep himself in the public eye back home. But his latest gambit—taking up a role as economic adviser to Thailand's neighbor and historic rival, Cambodia—threatens to backfire and jeopardize his standing in the country he still hopes one day to lead, analysts say.

On Thursday, Mr. Thaksin, a self-made telecommunications magnate, began his new job by delivering a lecture on economic planning to Cambodian government officials in Phnom Penh, the capital.

The former prime minister, who still commands the support of many Thais, said he could use his business skills to help steer Cambodia's economic development. He has been photographed smiling and making golf plans with Cambodian Prime Minister Hun Sen before he leaves aboard his private jet on Friday.

This is going down badly in Thailand, where many of Mr. Thaksin's critics accuse him of selling out his country's interests to help an ancient enemy.

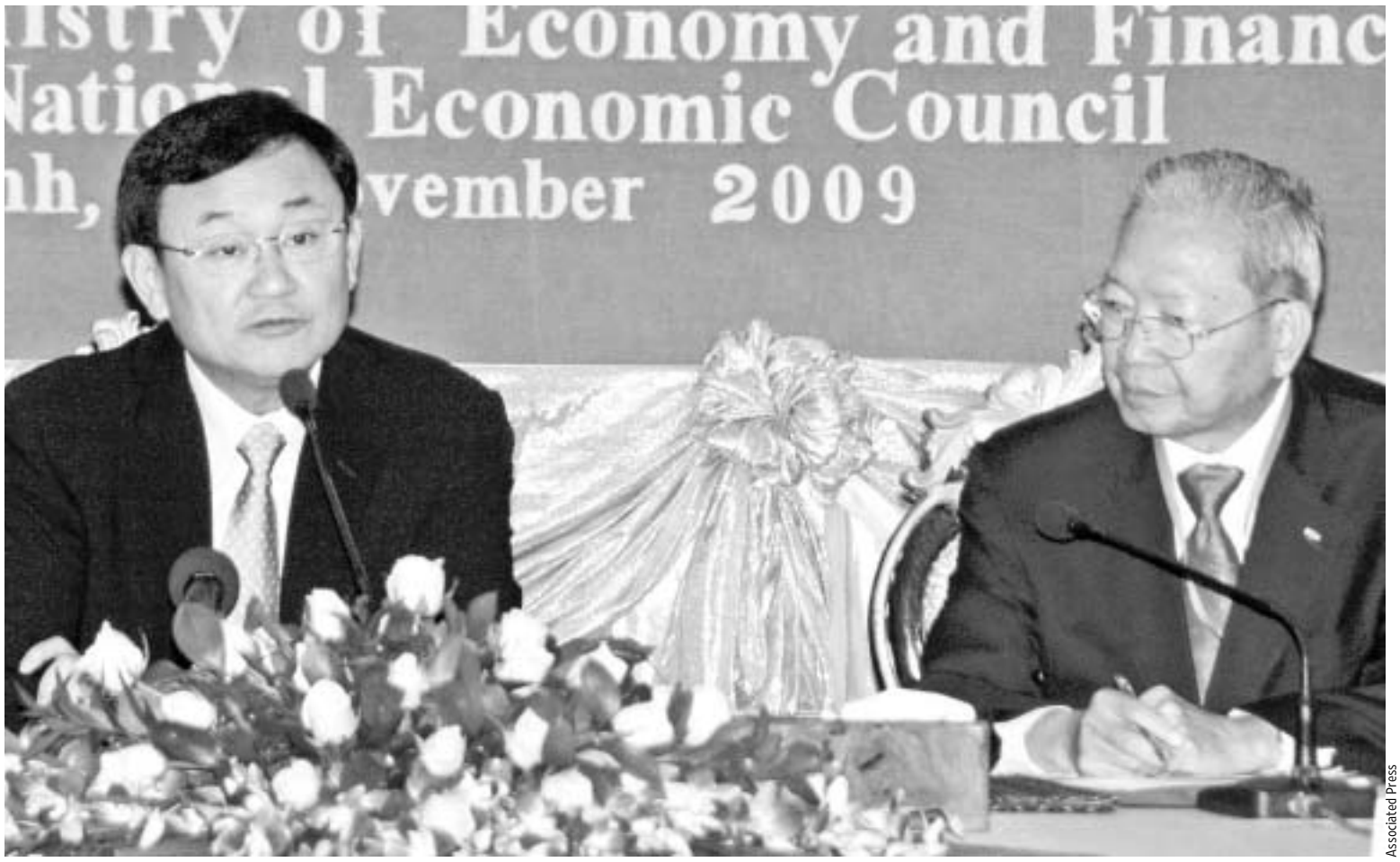
"If Mr. Thaksin persists with this alliance with Cambodia, the nationalist backlash in Thailand will pick up, even among his own supporters," says Thitinan Pongsudhirak, a political science professor at Bangkok's Chulalongkorn University.

Mr. Thaksin's popularity has a major bearing on the stability of one of America's main allies in Asia. The photo opportunities in Cambodia will play particularly badly next to images of Thailand's current, military-backed Prime Minister Abhisit Vejjajiva, who on Sunday will host U.S. President Barack Obama in Singapore at the first summit between Southeast Asian leaders and an American president.

Mr. Thaksin lobbed a verbal grenade toward his foes in Thailand, accusing them of "false patriotism" by criticizing his trip to Cambodia. His decision to work as Mr. Hun Sen's economic adviser is risky. The two men are close personally and share a penchant for golf and sparring with their critics in the media. But historical enmity between Thailand and Cambodia runs deep. Cambodia's Khmer Empire, which dates back to the ninth century, was for centuries the dominant power in the region.

More recently, anti-Thai riots broke out in Cambodia in 2003 after a Thai actress was incorrectly reported in the local media as saying Cambodia's national symbol—the Angkor Wat temple complex—belonged to Thailand. Since 2008, at least seven soldiers from both sides have been killed in clashes near another temple, Preah Vihear, which is claimed by both countries. A Thai man living in Cambodia was arrested in August for sketching out a map of the Angkor Wat complex on his toilet floor—an act which some Cambodians considered a gross insult.

The dispute may also provide Cambodia with more leverage in future negotiations over competing temple claims—as well as the significant oil and gas deposits believed to exist off Cambodia's shores—with its larger, more powerful neighbor. Analysts say the country is growing in confidence now that Chinese and South Korean business have begun investing there, and it is less dependent on Thailand and its other large neighbor, Vietnam.



Associated Press

Former Thai Prime Minister Thaksin Shinawatra, left, addresses Cambodian economists in Phnom Penh Thursday, as Cambodian Minister of Economy and Finance Keat Chhon looks on.

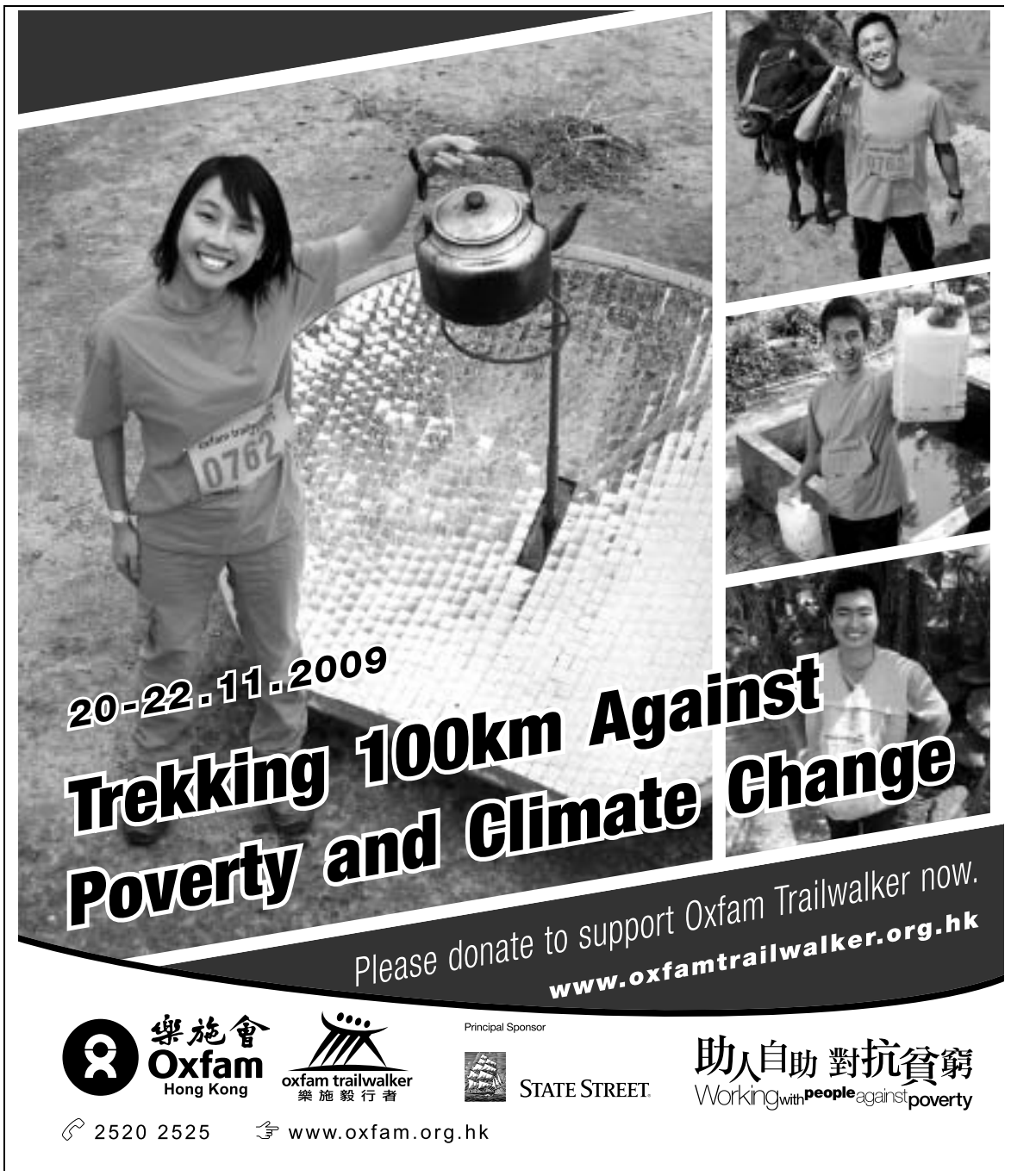
For his part, Mr. Thaksin, the only Thai leader to have been re-elected, now has the opportunity to use Cambodia as a base from which to organize his supporters across the border in Thailand, a prospect that alarms leaders in Bangkok, who are only just recovering from the impact of anti-government riots in the city last April.

Thailand and Cambodia have withdrawn their ambassadors and on Thursday expelled a diplomat apiece as part of the escalating dispute.

Thailand this week filed an extradition request to Cambodia to hand over Mr. Thaksin for a corruption conviction. Mr. Hun Sen's government refused, saying the charges against Mr. Thaksin are politically motivated and a direct result of the 2006 military coup. Thailand is now moving to cancel an oil and gas exploration deal with Cambodia and has raised the prospect of partially closing its border because of the row over Mr. Thaksin. Troop movements near the disputed temple sites are now a real possibility, analysts say.

Other countries in the Association of Southeast Asian Nations are struggling to contain their irritation with both sides ahead of their historic meeting with Mr. Obama Sunday on the sidelines of the Asia Pacific Economic Cooperation forum meeting in Singapore.

"We in Asean cannot afford to be seen as being so seriously divided," Asean Secretary-General Surin Pitsuwan, who is Thai, said in a statement.



ECONOMY & POLITICS

White House aims to cut deficit with TARP cash

Proposal remains a matter of debate; impact is unclear

By Deborah Solomon And Jonathan Weisman

WASHINGTON—The Obama administration, under pressure to show it is serious about tackling the U.S. budget deficit, is seizing on an unusual target to showcase fiscal responsibility: the $700 billion financial rescue.

The administration wants to keep some of the unspent funds available for emergencies, but is considering setting aside a chunk for debt reduction, according to people familiar with the matter. It is also expected to lower the projected long-term cost of the program—the amount it expects to lose—to as little as $200 billion from $341 billion estimated in August.

The idea is still a matter of debate within the administration and it is unclear how much impact it would have on the nation's mounting deficit levels. Still, the potential move illustrates how the Obama administration is trying to find any way it can to bring down the deficit, which is turning into a political as well as an economic liability.

The White House is in the early stages of considering what bigger moves it might make for next year's budget. The Office of Management and Budget has asked all cabinet agencies, except defense and veterans affairs, to prepare two budget proposals for fiscal 2011, which begins Oct 1, 2010. One would freeze spending at current levels. The other would cut spending by 5%.

OMB is also reviewing a host of tax changes. The President's Economic Recovery Advisory Board will submit tax-policy options by Dec. 5, including simplifying the tax code and revamping the corporate tax code.

White House Chief of Staff Rahm Emanuel is pressing for substantial spending cuts to go with any tax increases to try to avoid the "tax and spend" label that has bedeviled Democrats, according to administration and congressional officials.

The administration is constrained in tackling the mounting deficit, since raising taxes or slashing spending could stunt economic growth. Administration officials say the Obama economic team is especially concerned that rapid deficit reduction could hurt the economy.

On the $700 billion Troubled Asset Relief Program, the administration is considering a change that may appear to improve the fiscal situation. Agreeing not to spend a certain amount of TARP money will enable the White House, in its budget projections, to assume less money out the door and, therefore, less debt issued. The move would also reduce the deficit by an unknown amount since a certain level of spending and borrowing is already factored into estimated future deficits.

The Treasury Department said about $210 billion in TARP funds remains unspent, including about $70 billion returned from financial institutions. A further $50 billion is expected to be repaid in the next 12 to 18 months.

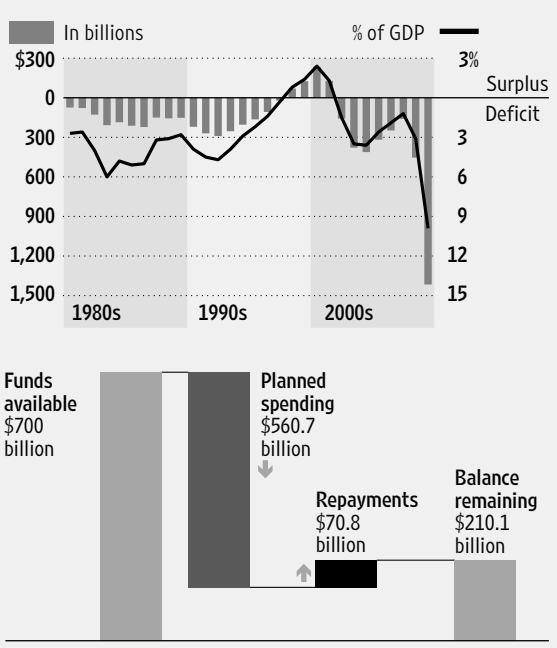
Budget experts said committing some TARP funds toward debt reduction could help calm concerns about the size and intent of the program. "I don't necessarily want them to pull back in a huge way, because there's a lot of uncertainty, but right now what we've got could turn into a $700 billion slush fund" for Congress, said Douglas Elliott, a fellow with the Brookings Institution, a liberal think tank.

The move could buy the Treasury Department time before it hits the so-called debt ceiling, which limits the amount of money the U.S. can borrow. Already, some members of Congress have said they won't approve an increase in the $12.1 trillion debt cap unless efforts to reduce the deficit are included.

Senate Budget Committee Chairman Kent Conrad, the North Dakota Democrat who is proposing a bipartisan commission, along with Sen. Judd Gregg (R., N.H.), to examine taxes, said he won't vote for raising the debt limit unless Congress and the administration start talking about cutting spending and increasing taxes.

Digging out

With a widening deficit, the Obama administration is considering committing unspent financial-rescue funds to debt reduction.



Sources: Office of Management and Budget (deficit); Treasury Department (TARP)

Communist protest in Katmandu cuts off government complex

Agence France-Presse/Getty Images

Tens of thousands of communist demonstrators blocked streets leading to the government headquarters in the Nepalese capital on Thursday. Scuffles between riot police and the protesters caused some minor injuries.

Australia added jobs in October

By James Glynn

SYDNEY—Australia's economy created 24,500 jobs in October, sending a signal to the Reserve Bank of Australia to continue raising interest rates at its Dec. 1 policy meeting.

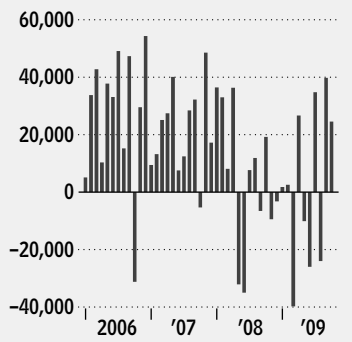
The rise takes the total number of jobs created since June to 75,100, strong enough to suggest unemployment may have peaked. Economists had expected a drop in employment of 10,000 in October.

"It is possible that we are currently at the unemployment-rate peak. ... This has significant implications for the health of government accounts and monetary policy," said Adam Carr, senior economist at ICAP.

Unemployment nudged higher to a seasonally adjusted 5.8% in October, from 5.7% in September, the Australian Bureau of Statistics said Thursday. But unemployment has been virtually unchanged since May.

Back to work

Monthly increases/decreases in the number of jobs in Australia



Source: Australian Bureau of Statistics

Conditions in Australia's job market compare favorably with many of the major economies, where the effects of the global financial crisis have been far worse—in the case of the U.S., pushing unemployment to its highest level since 1983.

"It appears almost certain that the Reserve Bank will break tradition and raise rates for the third consecutive month in December," said Craig James, chief economist at Commonwealth Securities.

Financial markets had been in two minds about a third consecutive rate rise in December, especially after the RBA indicated that increases in October and November might be enough for now. The cash rate target stands at 3.50%.

The Australian dollar rose to a fresh 15-month high of US$0.9369 after the data. Government bond prices were weaker as thoughts turned to a likely rate rise in December.

—Enda Curran contributed to this article.

U.K. home repossessions slowed in quarter

By Ilona Billington

LONDON—The rise in U.K. home repossessions slowed in the third quarter, but strains on household finances are expected to drag on consumer spending and economic recovery in coming months.

The Council of Mortgage Lenders said Thursday that mortgage repossessions rose by 300 to 11,700 in the third quarter of the year from the second quarter, after falling 1,300 to 11,400 in the second quarter from the first.

The number of home owners in mortgage arrears of more than 10% of the balance of the loan rose to 26,300 from 26,100.

The figures indicate that once households do fall behind, they struggle to get back on track, according to Ed Stansfield, property economist for Capital Economics.

CML now forecasts a rise in repossessions to 53,000 in 2010 from an estimated 48,000 for this year. Both are below the CML's earlier forecast for 65,000 property repossessions in 2009.

"We are glad to have been wrong on our previous forecasts for mortgage repossessions," said CML director General Michael Coogan. "But it is difficult to see the case for a dramatic upturn in the absence of significant improvement in the wider economic picture," he said.

The news from British households supports the Bank of England's prediction Wednesday that the U.K. economic recovery will be long and slow.

Muted bank lending, planned cuts in government spending and the threat of rising unemployment add to pressure on homeowners' pocketbooks.

"Home repossessions now look like being much less than feared. Nevertheless, a substantial number of homeowners will remain under serious pressure," said Howard Archer, chief U.K. and euro zone economist for IHS Global Insight.

Separately, the European Commission has recommended that some member countries get an extra year to cut their budget deficits, but pushed Greece to repair its public finances immediately.

The commission fears some states could struggle to reduce growing budget gaps. It suggested to the European Council of member governments that these countries be given more time to recover from deficits widened by the economic downturn, which drove up spending and cut into tax revenue.

Total government budget deficit across the EU is expected to climb to 6.9% of gross domestic product this year and 7.5% next year, up from 2.3% in 2008.

Under EU rules, individual countries must keep their budget deficits below 3% of GDP.

Clinton backs Philippine counterinsurgency

Secretary promises further U.S. support; nationalists seek shift

By James Hookway

BANGKOK—U.S. Secretary of State Hillary Clinton Thursday vowed to continue American military support for the Philippines' efforts to root out al-Qaeda-linked insurgents, despite calls from some Filipino nationalists for the government in Manila to put greater restrictions on U.S. troop operations there.

Speaking in Manila, Mrs. Clinton also continued to apply pressure on Myanmar, repeating recent calls for the unconditional release of pro-democracy leader Aung San Suu Kyi as the U.S. prepares for a summit with Southeast Asian states—including Myanmar—at an Asia-Pacific leaders summit in Singapore this weekend.

Since 2005, U.S. troops have provided training and surveillance support for Philippine troops in their fight against a violent Islamist separatist group known as Abu Sayyaf. The group made a name for itself kidnapping and sometimes killing foreign tourists, and is closely tied to the Jemaah Islamiyah terrorist group, which operates across Southeast Asia.

Agence France-Presse/Getty Images

U.S. Secretary of State Hillary Clinton greets students at a flood-stricken school east of Manila on Thursday.

The U.S. presence in the islands—usually no more than 600 troops at a time—rankles some leftist and nationalist groups in the Philippines, whose Senate in 1991 voted to end an agreement allowing the U.S. to run permanent bases in the islands. The Philippine Senate recently passed a nonbinding resolution calling on the government to renegotiate with the U.S. the 1999 Visiting Forces Agreement, which enables U.S. forces to train and assist Philippine troops even though it no longer maintains permanent bases there.

Senators complained that U.S. troops are given special privileges in the Philippines—such as the right to be detained in the U.S. Embassy if they violate Philippine laws. So far, the Philippine government hasn't responded to that call.

"I would just reiterate that the United States stands ready to assist our friends in the Philippines who are seeking to counter terrorism and the threat of extremism, and we will be willing to support them in any way that is appropriate that they request," Mrs. Clinton said, the Associated Press reported.

The U.S. and Philippine militaries consider the U.S. mission there a success. It revolves around providing humanitarian assistance and infrastructure development, as well as training and surveillance. A similar program was later applied in western Iraq's Anbar province to win over local chieftans.

Since the U.S. entered the Philippine conflict, the Abu Sayyaf has seen its numbers drop from 2,000 guerrillas to a few hundred operating in the thick interior of Jolo island, 965 kilometers south of Manila.

Last month, Philippine troops uncovered a large underground bunker complex on the island in a fresh blow to the rebels, while a larger Muslim insurgent group, the Moro Islamic Liberation Front, has increasingly looked toward negotiating a peace agreement with the Philippines government.

On Myanmar, also known as Burma, Mrs. Clinton said no bilateral meetings are planned this weekend between U.S. President Barack Obama and the leaders of the military-led Southeast Asian state. But Mr. Obama is expected to meet Myanmar leaders in the Asia-Pacific Economic Cooperation forum in Singapore, a group forum involving multiple leaders from across Southeast Asia.

The U.S. in recent months has launched an effort to engage with Myanmar's reclusive leaders to persuade them to allow greater political freedoms. Washington, along with the European Union, also imposes strict economic sanctions on the country to encourage change, and Mrs. Clinton has said the U.S. needs to see a concrete commitment to democratic overhauls in Myanmar before it can rethink its sanctions policy.

Revolutionary Guard tightens its grip on security in Iran

By Marc Champion

BRUSSELS—Iran's elite Revolutionary Guard has sidelined the country's intelligence ministry, forming a new organization that reports directly to the Supreme leader, Ayatollah Ali Khamenei.

Interviews with Iranian analysts and opposition figures, along with recent government announcements, depict a shift under way since Iran's clerical regime was shaken by the massive street protests that followed disputed presidential elections in June.

The loyalty of the intelligence and security services became a major concern for hard-liners running the regime, analysts say. The changes could have the effect of formalizing the tough and sometimes brutal approach taken with dissidents and protesters in the months since the election.

Sipa Press

Basij commander Hossein Taeb, in an undated government photograph.

Some of the intelligence takeover has been publicized. Ayatollah Khamenei announced recently that the Revolutionary Guard's small existing intelligence unit would be elevated to become a much larger official organization. State media named Hassan Taeb, commander of the Basij volunteer paramilitary organization, as the head of the new intelligence operation.

On Wednesday, the Iranian opposition group responsible for exposing much of Iran's controversial nuclear-fuel program claimed in an interview that seven different agencies have now been subordinated to Mr. Taeb's group, the Intelligence Organization of the Islamic Revolutionary Guard Corps, gutting the intelligence ministry of power.

Maryam Rajavi, leader of the National Council for Resistance in Iran, said in an interview at the European Parliament in Brussels that the seven agencies include the old intelligence directorate of the Revolutionary Guard, as well as its cyberdefense unit; the intelligence directorate of the Basij; parts of the now-gutted intelligence ministry; Mr. Khamenei's own intelligence unit, known as Office 101; and the plainclothes units and Tehran Revolutionary Guard headquarters tasked with controlling street protests in the capital.

"Khamenei wants to have absolute control," said Ms. Rajavi, saying that the NCRI's network of supporters in Iran has established that Mr. Taeb reports directly to Mr. Khamenei's chief of staff, Ali Asghar Hejazi.

Reuters

Iranian plainclothes security clashed with antigovernment demonstrators earlier this month.

That would consolidate power in the hands of Mr. Khamenei and his loyalists at a time when deep fissures have emerged within the regime over his handling of the elections.

Officials of the new intelligence agency couldn't be reached for comment.

It isn't possible to verify Ms. Rajavi's specific claims. The NCRI is listed in the U.S. as a terrorist organization, though not in Europe. While Iran experts dismiss the group's claim that it has widespread support inside Iran, the NCRI was the first to expose Iran's covert nuclear-fuel program in 2002. The NCRI also warned of a second nuclear-fuel facility at Qom in 2005, a claim confirmed recently by the U.S. and Tehran.

The Revolutionary Guard is already a military, economic and political powerhouse in Iran. It controls the country's long-range missile program, as well as multiple business enterprises, including lucrative oil and gas projects.

On Wednesday, the Guard's engineering unit won the tender for a $2.5 billion rail link to the south-eastern port of Chabahar, Reuters reported. Numerous former Guard officers are in top political posts, including President Mahmoud Ahmadinejad.

In October, Revolutionary Guard commander Maj. Gen. Mohamad Ali Jafari said the Guard was changing to meet the demands of the times.

U.S. envoy opposes Afghan buildup

Cables that criticize Karzai complicate Obama's decision

By Peter Spiegel

President Barack Obama expressed fresh doubts about the credibility of Afghanistan's government in high-level discussions Wednesday over what troops to send there, after his ambassador to Kabul warned against any reinforcements until the Afghan regime cracks down on corruption.

U.S. Ambassador Karl Eikenberry sent two classified cables to Washington in recent days raising serious concerns about the military's recommendation to increase troop levels, according to three U.S. officials. Mr. Eikenberry criticized Afghan President Hamid Karzai's recent behavior as well as corruption in the top ranks of his administration, according to an official who saw the memos. Mr. Karzai has in recent interviews lashed out at the U.S. and blamed corruption on international organizations working in his country.

In Wednesday's meeting, which Mr. Eikenberry attended via videoconference, Mr. Obama discussed four options for adding troops for nearly 2½ hours. Two of the options were previously proposed by his top commander in Afghanistan, Gen. Stanley McChrystal. A new "hybrid" option has recently gained momentum at the Pentagon, and would send 30,000-35,000 troops including up to 10,000 trainers to improve Afghan forces' capability to secure the country themselves. A smaller compromise plan also would focus heavily on training, but with around 20,000 troops in all.

Getty Images

U.S military and NATO troops stationed in Kabul salute as they take part in a Veterans Day ceremony at a camp in the Afghan capital.

A White House official said Mr. Obama made requests that could lead to significantly altering any or all of the choices, changing the number of troops involved and the length of their deployment. The official said Mr. Obama asked for specific timelines in each scenario for when U.S. troops would turn over security to Afghan forces. In the past, senior military officials have resisted such timelines.

The key points of contention, the official added, were the timelines and questions about the credibility of the Karzai government—issues raised by Mr. Eikenberry and others. The ambassador has warned that an increased U.S. presence could take pressure off the Afghan government to take over security. Mr. Eikenberry's cables were first reported by the Washington Post on its Web site.

Mr. Eikenberry is a retired three-star general who commanded U.S. forces in Afghanistan from 2005 to 2007, so his views on troop levels are likely to carry weight. But Mr. Eikenberry is known to have a prickly relationship with Mr. Karzai dating back to that period, and earlier this year that forced Sen. John Kerry to become the U.S. go-between with the Afghan president.

Wednesday's meeting was the last of several of Mr. Obama's war council before he left for an Asia trip; some officials have said he aims to make a decision soon after he gets back Nov. 19, though deliberations could continue into next month.

Other administration officials have begun to fan out to get feedback from allies: According to officials familiar with the effort, James Jones, the White House national security adviser, is expected to visit Pakistan this week to discuss U.S. deliberations over troop levels.

Mr. Eikenberry's concerns come late in the process, and it is unclear how they will ultimately affect Mr. Obama's decision making. Defense Secretary Robert Gates recently has backed the "hybrid" plan for 30,000 to 35,000 troops, and has emerged as the key adviser within the administration.

Senior officers at the Pentagon including Adm. Mike Mullen, chairman of the Joint Chiefs of Staff, continue to back Gen. McChrystal's recommendation to send more than 40,000 troops. But according to a military official, they are increasingly throwing their weight behind the hybrid plan backed by Mr. Gates, as a way to get Gen. McChrystal most of what he needs.

Many of Mr. Eikenberry's concerns about Mr. Karzai have been raised by others involved in the White House deliberations, including by Mr. Obama.

Administration officials have pushed hard to get Mr. Karzai to come up with a checklist of "deliverables" that would illustrate he is cracking down on corruption after his inauguration, scheduled for Nov. 19.

According to a senior administration official familiar with the efforts, they have included a push for the Afghan president to fill top cabinet positions with competent technocrats, rather than rewarding warlords who backed Mr. Karzai's reelection, such as Uzbek strongman Abdul Rashid Dostum.

"The president believes that we need to make clear to the Afghan government that our commitment is not open-ended," said a White House official briefed on Wednesday's meeting. "After years of substantial investments by the American people, governance in Afghanistan must improve in a reasonable period of time to ensure a successful transition to our Afghan partner."

—Jay Solomon, Alan Cullison and Siobhan Gorman contributed to this article.

Many Afghans flee their homes as fighting intensifies

By Yaroslav Trofimov

KABUL—A month ago, poppy farmer Rostam and dozens of relatives fled the fighting in Afghanistan's southern Helmand province. Now, their new home is a mud hovel topped with a plastic sheet in the outskirts of Kabul, in a mushrooming camp that houses thousands of similar war refugees.

"The Taliban often came into the village to ambush convoys, and then almost immediately the foreign airstrikes hit us," said Mr. Rostam, a turbaned 60-year-old who, like many Afghans, uses only one name. "Our children were killed; our crops were destroyed; our homes were damaged," he said. "There was nothing left for us there."

The exodus of refugees like Mr. Rostam from war-ravaged provinces of southern Afghanistan—especially Helmand, Kandahar and Oruzgan—picked up speed over the past year, as the Obama administration poured tens of thousands of fresh troops into the country. Entire villages in the south have been depopulated amid the fighting, as residents sought safety in less-violent provinces and in big cities like Kabul and Kandahar.

While individual refugee stories are impossible to verify independently because their home villages are now controlled by the Taliban, their accounts are broadly consistent with reports from aid groups.

Afghanistan's growing refugee crisis creates a serious hurdle for the Obama administration's attempts to stabilize the country. It also illustrates the difficulty of carrying out a population-centric counterinsurgency strategy that sees protecting Afghan civilians from Taliban threats as a key goal.

According to Hafiz Nadim, head of emergency services at Afghanistan's ministry of refugee affairs, 150,000 people—and possibly many more—have been displaced from their homes due to fighting between U.S.-led forces and the Taliban-led insurgents. This recent flight reverses Afghanistan's successes in repatriating most of its internally displaced people during the relatively peaceful period between 2002 and 2006.

Mr. Nadim says he worries that the crisis could intensify if more U.S. troops are sent to insurgency-wracked parts of the country in coming months, as proposed by Gen. Stanley McChrystal, the top U.S. and allied commander in Afghanistan.

The presence of foreign troops, however, doesn't necessarily trigger an exodus of villagers—and, if large and prolonged enough, can stabilize an area. U.S. military officials point to Helmand's Nawa district, where the deployment of a U.S. Marine Corps battalion in July led to the reopening of markets and schools.

Civilians suffer the most when international forces lack the numbers to control an area, relying on airstrikes and engaging in frequent but inconclusive skirmishes with insurgents, coalition officers say.

Villagers who flee such fighting often blame the U.S. and its allies for their plight, and the bigger refugee camps usually teem with Taliban sympathizers.

Trying to steer clear of the Taliban, another group of 1,500 refugees from Helmand and Kandahar set up a new camp in a different part of Kabul. The residents there, led by tribal elder Mohammad Ibrahim, come from two villages linked by family ties, Baba Kale and Spin Masjid.

Adam Ferguson for The Wall Street Journal

Young Afghan men seen at a camp for displaced people on the outskirts of Kabul, Afghanistan, on Monday. Thousands have fled the southern part of the country amid fighting between the U.S. forces and the Taliban.

Five months ago, Mr. Ibrahim said, Canadian and Afghan forces entered Baba Kale, searching for insurgents. As soon as they left, Taliban fighters descended on the village. "They took us all to the mosque and said—you're either with us or with them," Mr. Ibrahim said. Then, he said, the village was bombed, prompting the residents to start walking toward Kandahar City.

The villagers of Spin Masjid, in Helmand, were already on the way to Kandahar City, fleeing an outbreak of fighting earlier. "The foreigners would bombard us, and the Taliban would come in and demand that we give them our sons," said 50-year-old Sultan Mohammad, a father of 11, as another Spin Masjid resident reveals a pink shrapnel scar on his chest.

The elders of the two villages decided the refugee camp in Kandahar City wasn't safe, and, hiring several trucks, trekked to Kabul. The mud hovels they first built on a mountain slope were demolished by city authorities because they sat on park land. Now, villagers are building new huts.

Recently, Mr. Mohammad went back to Helmand, to find out if it was possible for Spin Masjid villagers to return home. He came back to Kabul disappointed. "The Taliban have swarmed the village and have established checkpoints and outposts everywhere," he said. "Believe me, if there were even a slight possibility of return, I wouldn't be here. But there is none."

Argentina sees rival rise

Brazil's global gains are studied, debated in Buenos Aires

By Matt Moffett

BUENOS AIRES—Brazil's growing clout in international affairs—highlighted by its winning bid to host the Olympics—is prompting neighboring Argentina to ponder its own, less exalted, place on the world stage.

In op-ed articles, blogs and research papers, Argentines are grudgingly coming to grips with the idea that their longtime rival is passing them by, as Brazilian President Luiz Inácio Lula da Silva's pragmatic centrism trumps Argentine President Cristina Kirchner's nationalistic populism.

While Brazil earned the distinction of hosting both the 2016 Olympics and the 2014 World Cup, Argentina has been ensnarled in a series of diplomatic spats with its Southern Cone neighbors, as well as the U.S. While Brazil last year gained a coveted investment-grade rating on Wall Street, Argentina's investment rating is on par with Pakistan's. Mr. da Silva, who boasts an 81% approval rating, is an international statesman on good terms with President Barack Obama. Mrs. Kirchner, who has a 23% approval rating, has relatively few foreign allies beyond Venezuelan strongman Hugo Chávez.

Horacio Pozzo, an economist at the Latinforme.com financial site, recently wrote: "In a photo, Lula puts his hand on Cristina's back as though to say, 'Come this way, it's going very well for us.'" But Mr. Pozzo added, "Argentina continues doubting in which direction to advance . . . continuing to lose international markets, which are being captured by the Brazilian economy."

Of course, not all Argentines are convinced of Brazil's supremacy, and the blackout that crippled Brazil on Tuesday was cited as proof by Brazil-skeptics here that the Latin colossus has plenty of problems of its own.

Brazil has three times the geographical area and almost five times the population of Argentina. But from about 1890 to 1940, amid an agrarian bonanza on the pampa, Argentina's economic output exceeded Brazil's. Since the middle of the last century, however, Argentina's economy has endured a notable decline relative to the rest of the region, falling into "insignificance in the international context," bemoaned a recent paper by the Institute for Argentine Social Development, a Buenos Aires think tank.

The paper said that, for most of the past 60 years, Argentina has been hobbled by statist, inward-looking economic thinking of the sort Mrs. Kirchner subscribes to.

The differences in Argentine and Brazilian policies have been pronounced in the years since Argentina declared the largest sovereign debt default in history in 2001. Argentina endured a horrific economic contraction in 2002, but rebounded strongly amid the global commodity boom with six years of growth averaging 8%.

Brazil teetered on the verge of default in 2002, but continued meeting its debt obligations, and has now become a net creditor nation. But Brazil's growth rate since 2003 has been about half of Argentina's. Nevertheless, Brazil's stable economic and political climate has made it much preferred by both foreign investors and foreign ministers.

A handful of Argentine analysts think Brazil's virtues are being exaggerated. One of Argentina's most influential economics bloggers, Lucas Llach, recently wrote a post titled, "We Aren't Brazil—Luckily." He noted that Argentina has a lower fiscal deficit and more vigorous recent growth in GDP per capita than Brazil, not to mention a homicide rate that's one-fifth of its larger neighbor's. Mr. Llach said Mr. da Silva's marketing ability has made Brazil the current fashion among emerging markets—just as Argentina was a decade ago, not long before its economy cratered. Mr. Llach, who has never spared Mrs. Kirchner from criticism, got more than 800 comments on the Brazil post, many insisting he was dead wrong.

Underpinning Brazil's successes is a political class with star power and bench strength that Argentina can't match. Understanding why that is so requires turning the clock back some three decades to when both Argentina and Brazil were ruled by military governments. In Brazil, the dictatorship was comparatively less ruthless, killing around 400 people, compared to at least 10,000, perhaps many more, in Argentina. Both Mr. da Silva and his predecessor, Fernando Henrique Cardoso, were persecuted by the military government, but came out of the dictatorship alive.

In Argentina, many politically active youths in the 1970s who might have matured into leaders of similar stature didn't survive. "We can scarcely hope to have a governing class of 50-to-60 year-olds today, when 30 years ago, those intellectually restless youths could be the object of persecution, death or exile," wrote Javier González Fraga, a businessman and ex-Central Bank governor, in a newspaper opinion article.

Mr. González Fraga said that Argentina should stop worrying about Brazil's success and start piggybacking on it.

Associated Press

Argentina's President Cristina Kirchner and Brazil's President Luiz Inácio Lula da Silva, seen here at a ceremony, have divergent political styles.

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REVIEW & OUTLOOK

A 69% Capital Gains Tax Hike . . .

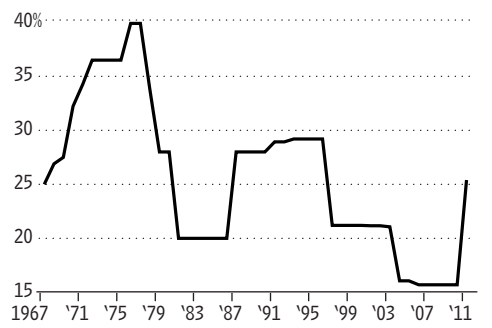
Our job is to read bad legislation so you don't have to, and on that score we may demand combat pay for plowing our way through the House health-care bill that passed on Saturday. This thing has economic booby traps everywhere, such as favors for the tort bar and the largest capital gains tax increase in at least a half-century.

House Democrats are funding their new entitlement with a 5.4% surtax on incomes above $500,000 for individuals and above $1 million for joint filers. The surcharge is intended to snag the greatest number of taxpayers to raise some $460.5 billion, and so the House has written it to apply to modified adjusted gross income. That means it includes both capital gains and dividends.

That surtax takes effect on January 1, 2011, or the day the Bush tax rates of 2001 and 2003 expire. Today's capital gains tax rate of 15% would bounce back to 20% because of the Bush repeal and then to 25.4% with the surtax. That's a 69% increase, overnight. The last time investors were hit with anything comparable was 1986, when the capital gains rate jumped to 28% from 20%, a 40% increase, as part of the Reagan tax reform that lowered income tax rates.

Taxing History

Maximum tax rate on long-term capital gains by statute, and for 2011 as passed in House health-care bill



Source: Treasury Department, Office of Tax Analysis

The 1986 experience was not a happy one. Tax revenues from capital gains surged before the increase took effect in 1987, as investors moved to cash in at the lower rate. Revenues then plummeted. Total realized capital gains didn't again reach their 1985 level of $172 billion until 1996. By 1992, the federal government was barely getting more in revenue ($29 billion) at the 28% rate than it did in 1985 ($26.5 billion) at the 20% rate.

Rate reductions, as in 2003 when Republicans cut the rate to 15% from 20%, have typically had the opposite effect. Treasury receipts from capital gains climbed to an estimated $117.8 billion in 2006 from $49 billion in 2002.

While the rising stock market through this period played a role, so did the "unlocking" effect from a lower rate that reduces the friction of taxes on decisions to buy or sell and thus report a capital gain. Both the economy and the Treasury also benefitted when Bill Clinton agreed to reduce the rate to 20% from 28% as part of his budget deal with Newt Gingrich in 1997.

Candidate Obama acknowledged this reality in April of 2007, when he backed away from his original proposal to nearly double the capital gains rate to 28%, and instead suggested 20%. He also promised to eliminate the tax entirely for small business. "I'm mindful that we've got to keep our capital gains tax to a point where we can actually get more revenue," he said at the time.

While families of all income levels realize capital gains, Internal Revenue Service data from 2007 show that 58% of overall capital gains revenue was reported by taxpayers with adjusted gross income above $1 million—and would be subject to the new 25.4% rate. The actual percentage of revenue subject to the penalty would be higher when counting individuals with income above $500,000.

Some readers may think that this 5.4% surtax can't possibly make it into a final Congressional bill due to Senate opposition, but we wouldn't be so sure. Mr. Obama hasn't said so much as a discouraging word about the House bill. And we've seen in the past 10 months that when Mr. Obama's campaign promises clash with the priorities of House liberals, the liberals always win.

Indonesia Antigraft Showdown

If there's one thing Indonesia needs, it's a concerted effort to wipe out crippling graft. From that perspective, the showdown playing out now between the police and the Corruption Eradication Commission will say much about the country's future.

The spat started in September when two of the Commission's deputy chiefs were suspended pending police investigations of "abuse of power." During their court hearings earlier this month, defense lawyers produced tapes that appear to record the top police investigator and a deputy attorney general, among others, conspiring to frame the officials in question. The police chief has said there is solid evidence to back the charges.

Ordinary Indonesians responded vigorously in support of the Commission, known as the KPK. Rallies were held day after day in Jakarta. Students staged hunger strikes in front of the KPK headquarters. Local media lit up with editorials and Indonesia TV has been broadcasting court proceedings around the clock.

But the public support isn't a surprise. Indonesians pay every day for the corruption that surrounds them, whether through petty bribes to facilitate business deals or through poor provision of public services. Graft is the single biggest detriment to doing business and lifting living standards.

President Susilo Bambang Yudhoyono understands all this, and won office the first time around by standing on an antigraft platform. He won kudos for allowing the Commission to jail one of his own in-laws for graft earlier this year. These actions helped propel him to a huge re-election victory in July.

Which makes the president's lackluster support in this particular spat puzzling. Mr. Yudhoyono waited two days before asking the police investigator and the deputy attorney general to resign—which they did last week—and he did not reprimand them. He gave a speech last Thursday promising to eradicate the "legal mafia," but did not say how he would do so.

The president's reticence is dangerous, especially given that some political camps have already tried to stunt the KPK's influence. Earlier this year, a bill was submitted to parliament that would have stripped the KPK of its wiretapping power. A watered-down version of the bill was passed in October, but it still tinkers with the appointment of judges in corruption cases in such a way that could weaken their independence.

To its credit, the KPK has plowed ahead with its work. This week, the secretary general of the House of Representatives was called in to testify in an alleged graft case. So far, the KPK has nabbed a former central bank deputy governor, members of parliament, lawyers and former ministers. But the KPK needs both public support and the president's to ensure its continued survival.

Bear Market Victory

Bad judgment is still not illegal. That was the message from Tuesday's acquittal of two Bear Stearns hedge fund managers accused of securities fraud amid last year's subprime meltdown. The verdict was a welcome rejection of the political class's banker baiting, which seems to have infected the Justice Department.

The Wall Street trial had become a cause celebre for a media and public seeking criminal scapegoats for the destruction of wealth brought on by the market's collapse. Ralph Cioffi and Matthew Tannin were accused of lying to investors about the outlook for the funds they ran as credit markets began to teeter in 2007. According to prosecutors, emails among the money managers expressing concerns not shared with clients amounted to criminal behavior.

Jurors weren't convinced. After reaching a verdict in six hours, several said the government hadn't come close to proving fraud. Ryan Goolsby said he felt "there was reasonable doubt on every charge." Aram Hong said she'd invest her own money with the defendants if she could. "Just because you're the captain of a ship and it gets hit doesn't mean you should be blamed," she told the New York Times.

> Losing money still isn't a crime.

The remarks send a strong signal that prosecutors should reserve their efforts for clear cases of fraud, rather than imagining criminal behavior into mistaken business judgments. This is especially significant given the public anger at bailouts and bonuses, a mood the prosecution tried to exploit by calling the defendants "masters of the universe" who thought they were above the law—a reference to the conceited Wall Street characters in Tom Wolfe's "Bonfire of the Vanities."

The jury also seemed to take a mature view of emails as evidence, looking for context and complete messages, instead of the snippets that former New York Attorney General Eliot Spitzer and others have used to paint a supposedly damning portrait of motives.

Here, jurors understood that in the course of investing hundreds of millions of dollars every day, portfolio managers say things about markets and positions as they figure out what to do. That kind of discussion is part of normal investment decision-making. Criminalizing it when things go south turns the law into a vehicle for punishing people merely for taking losses.

The acquittal is especially timely because Obama Administration prosecutors have advertised their desire to make a public example of the bankers they claim are responsible for the financial mania and panic. This mindset can lead to prosecutorial excess, as it did in the Bush Administration after Enron and WorldCom. Recall the indictment of Arthur Andersen and the infamous Thompson Memo that threw over attorney-client privilege.

This mentality seems alive and well among the Bear prosecutors, who have disparaged the verdict with off-the-record quotes about the supposed dimwits on the jury. One person familiar with the thinking in the U.S. Attorney's office for the Eastern District of New York told The Business Insider that "It is frustrating to lose a case not because the jury disagrees with evidence but because they just aren't able to follow anything."

In fact, they followed it very well. Criminal law should be reserved for criminal behavior—stealing, outright fraud, the kind of stuff that Bernard Madoff did. Criminalizing bad investment decisions and imperfect disclosure in the heat of a financial meltdown is a recipe for injustice.

The Fed's Woody Allen Policy

By Judy Shelton

In the Woody Allen film "Annie Hall," the main character tries to explain irrational relationships by recounting an old joke. "This guy goes to a psychiatrist and says, 'My brother's crazy, he thinks he's a chicken.' The doctor says, 'Well, why don't you turn him in?' And the guy says, 'I would, but I need the eggs.'"

It takes similar reasoning to reconcile the elation felt across America every time the stock market rises—partially replenishing personal investment portfolios and 401(k) retirement plans—with the uneasy feeling that we are being set up for yet another big financial disappointment. We dare to hope that the economy is growing solidly once more, that the Federal Reserve has superior knowledge about providing liquidity, and that the U.S. Treasury knows what it's doing by guaranteeing money market-fund assets.

> Efforts to stoke a recovery may be creating new asset bubbles.

But what if the Fed's efforts to stoke a recovery are merely creating asset bubbles in equities and elsewhere? What if government guarantees—explicit and implicit—are encouraging high-risk investment behavior rather than restoring conditions for normal market returns? What if excess dollars produced here are being channeled by speculators into foreign stock and bond markets as part of a currency play?

The Fed's decision last week to keep pumping out money at near-zero interest rates is worrisome. In its statement, the Federal Open Market Committee (FOMC) notes that "low rates of resource utilization" are the main justification for continuing to make funds available to banks at "exceptionally low levels of the federal funds rate for an extended period"—by which it means that banks can continue to borrow at 0%-0.25% and then lend the money out to borrowers seeking to earn much higher returns. The FOMC cites "subdued inflation trends" and "stable inflation expectations" as reassuring evidence that money is not being created in excess.

Meanwhile, the Labor Department's announcement last Friday that unemployment surpassed 10% certainly testifies to "low rates of resource utilization," i.e., the considerable slack in the economy. From the Fed's point of view, the nearly 16 million people who can't find jobs represent the "output gap" between actual and potential gross domestic product. If everyone were gainfully employed, so the reasoning goes, there would be pressure on employers to raise wages and the increased cost would be reflected as inflation. Since core inflation is running low— 1.5% as measured by the consumer price index, 1.3% as measured by personal consumption expenditures (the price index preferred by the Fed)—it follows that money can be manufactured with impunity for the foreseeable future.

But wait a minute. If unemployment is high, doesn't that indicate a surplus of labor relative to the demand for labor? Wouldn't that cause the price of labor to come down? If you throw in the fact that industrial capacity utilization, at 70%, is lower now than during any prior recession since the Fed began tracking it in 1967, and that the housing vacancy rate is nearly 11%, you begin to wonder why the price level should nevertheless continue to rise, even by a little bit, every month.

"With substantial resource slack likely to continue to dampen cost pressures," as the FOMC statement so convincingly affirms, it hardly makes sense that "subdued" inflation should provide comfort. Why should there be any inflation at all?

Maintaining stable prices, after all, is one of the Fed's primary missions. The notion of price stability over time suggests that when the economy is going through a deep recession, the level of prices might reasonably be expected to come down.

Deflation is seen as the bugaboo of Keynesian economics. But it can actually serve to spur economic activity as lower prices enable struggling consumers to get back in the game, and enterprising individuals can build businesses using tangible assets that yield valid profits.

But the Fed seems to think that prices should only go in one direction—up—no matter the circumstances. It's this bias toward inflation that is revealed by the FOMC's reference to "stable inflation expectations"—which is less a paean to price stability than an inadvertent oxymoron.

The Fed's asymmetrical thinking extends as well to its treatment of financial assets—such as equity and debt instruments—en route to a bubble. As prices surge and markets soar, the Fed is reluctant to raise interest rates lest it be accused of hindering growth. But when the bubble bursts and asset prices begin to tumble, the Fed quickly steps in with dramatic interest rate reductions to "restore investor confidence" in hopes of avoiding a meltdown.

Chad Crowe

In the last eight months, the Dow Jones Industrial Average has risen from its March 6 low of 6470 to over 10290 today, a gain of roughly 59%. The Nasdaq Composite Index and the S&P 500 Index have likewise increased about 71% and 65%, respectively, since early March. Are we looking at the restoration of legitimate values or the emergence of disastrous new asset price bubbles?

The answer would seem to lie in whether the Fed's money machine is fueling an illusory recovery that is only manifested in financial markets as opposed to the general economy. The FOMC's own report acknowledges that economic activity remains weak, household spending is constrained, and businesses are still cutting back on fixed investment and staffing.

Indeed, the Fed insists that "tight credit" conditions still persist; doubtless, there are many small business owners who could attest to that reality. But looking at the huge increase in financial asset prices across broad indices—not just in America, but globally—you would never guess that monetary policy could be anything but loose.

* * *

Now here's the scary part: Even though more than half of all American households now own equities directly or through mutual funds, an increase in equity prices does not figure into the Fed's calculation of inflation. So while measures of core inflation (which exclude food and energy) carefully register minute gains in the price of a fixed basket of goods and services meant to reflect what a typical family buys to achieve a minimum standard of living, they ignore massive price surges in what has effectively become a widely held consumer good: stocks.

Moreover, the Fed's inflation-targeting approach overlooks price increases for real estate and rising commodity prices. Don't even mention gold, which has gone from $707 to $1,114 since a year ago.

Even if the Fed seems blithely unaware of the havoc it may be wreaking through its irrationally loose monetary policy, in tandem with the distortions of moral hazard inflicted by intrusive government, Americans seem willing to accept the insanity of boom-and-bust cycles. Sure, we could be facing the latest Fed-induced bubble—but so what?

We need the eggs.

Ms. Shelton, an economist, is the author of "Money Meltdown" (Free Press, 1994).

An Agenda for Obama in China

By Michael Barbalas

On the eve of President Obama's first China visit, the state of U.S.-Sino relations remains strong. But the road ahead is uncertain and the stakes have never been greater. From the perspective of the businesses the American Chamber of Commerce in China represents—whose success in the world's fastest-growing major market is vital for the U.S. economy—Mr. Obama must make tangible progress on fighting protectionism, widening market access and addressing climate-change issues during and after his visit.

Mr. Obama has built on the positive U.S.-China momentum that President Bush developed later in his presidency. By focusing significant energy on areas of common ground, like cooperation on climate change and stimulus spending, while downplaying third-rail issues like Taiwan and Tibet, Mr. Obama has built up political capital with an initially unsure Beijing.

The goodwill President Obama has been able to develop helps explain why Beijing seems to have given him the benefit of the doubt on trade, especially when he imposed import duties on low-end Chinese tires in September. While Beijing has threatened or started several antidumping investigations against U.S. companies, in general China's response has been restrained. Beijing has largely confined its challenges to the World Trade Organization dispute resolution mechanism. Nonetheless, American companies remain wary in light of recent tough Chinese rhetoric following the preliminary decision by the U.S. to impose duties on Chinese-made steel pipe.

> Focus on trade, market access and climate.

While there have been disputes, there are many more signs of cooperation. Just six weeks after the tire tariff decision, China and the U.S. announced several positive developments at the annual Joint Commission on Commerce and Trade (JCCT) meeting. Among other things, China said it will act to re-allow U.S. pork imports that were suspended over swine flu fears, and increase cooperation on clean energy. These statements do not yet amount to tangible results, but they are positive first steps. They represent increased market access for companies in both countries and more consistent enforcement of the law, which are central to China's economic development and global economic growth.

China and the U.S. can take simple steps to further reverse protectionist trends. First, the Obama administration should complete the review of its export-control policy toward China, which limits the sale of certain technologies that may have either civilian or military uses. Some controlled technologies that pose no threat, such as five-axis machine tools, are already widely available in China from non-U.S.—including Chinese—firms, meaning America is needlessly losing out. On the Chinese side, movement toward a fully convertible currency would remove one of Washington's biggest complaints.

Mr. Obama should also continue pressing for stronger action from Beijing to grant U.S. companies greater access to the Chinese market. China could, for instance, submit a substantially improved offer to accede to the WTO agreement on government procurement. This would allow U.S. companies to bid for projects under Beijing's $584 billion stimulus program, from which they are currently barred by a "Buy China" provision that mirrors the "Buy American" clause in the U.S. stimulus package. In a positive first step, Beijing recently removed local-content requirements on wind-energy equipment, putting competitive pricing and technology above domestic political considerations.

China's lax enforcement of intellectual property rights in industries like pharmaceuticals is another market-access obstacle that President Obama should tackle. China must close loopholes that allow Chinese firms to send generic drugs to market before exclusive rights expire based on the expensive trials U.S. companies undertake. This type of intellectual property rights enforcement would provide access to better medicines in China and give firms more incentive to innovate.

On energy and the environment there is also a need for strong cooperation. The joint announcement of support at the JCCT for the Energy Cooperation Program, a new public-private partnership to find clean energy solutions, was extremely encouraging. Increased government support would provide a clear path for bilateral cooperation to move toward environmentally friendly energy sources.

The top four priorities of the U.S. business community in China—open bidding on government-funded projects, market access, intellectual property rights enforcement and climate change and clean energy—are all scheduled for substantive discussions. Now President Obama must forcefully push his case. The president cannot accept prolonged negotiations that delay progress.

The world faces an environmental crisis and a murky economic future. China and the U.S. need to reduce barriers to trade, open markets, improve enforcement of laws that promote innovation and begin serious, measurable movement on controlling climate change. President Obama has laid the groundwork to make real progress with Beijing. His trip to China is the perfect opportunity to build on that foundation.

Mr. Barbalas is president of the American Chamber of Commerce in China.

THE WALL STREET JOURNAL. ASIA

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Tinkering makes a comeback in U.S. amid economic crisis

Falling prices of high-tech tools help renew interest in hands-on work

By Justin Lahart

Alex Welsh for the Wall Street Journal

Craft night at the NYC Resistor space in Brooklyn. Workshops for people to share tools and ideas—called 'hackerspaces'—are popping up all over the U.S.

THE American tradition of tinkering—the spark for inventions from the telephone to the Apple computer—is making a comeback, boosted by renewed interest in hands-on work amid the economic crisis and falling prices of high-tech tools and materials.

The modern milling machine, able to shape metal with hairbreadth precision, revolutionized industry. Blake Sessions has one in his dorm room, tucked under the shelf with the peanut butter on it.

The Massachusetts Institute of Technology junior has been using the mill to make prototypes for a bicycle-sprocket business he's planning. He bolts down a piece of aluminum plate, steps to his desk and, from his computer, sets the machine in motion.

"It's kind of a ridiculous thing to have," says Mr. Sessions, 20 years old. But "in today's marketplace you can't only offer a technical aptitude. You have to be able to provide something more."

Occupying a space somewhere between shop class and the computer lab, the new tinkerers are making everything from devices that Twitter how much beer is left in a keg to robots that assist doctors. The experimentation is even creating companies. With innovation a prime factor in driving economic growth, and corporate research and development spending tepid, the marriage of brains and brawn offers one hopeful glimmer.

Engineering schools across the country report students are showing an enthusiasm for hands-on work that hasn't been seen in years. Workshops for people to share tools and ideas—called "hackerspaces"—are popping up all over the country; there are 124 hackerspaces in the U.S., according to a member-run group that keeps track, up from a handful at the start of last year. SparkFun Electronics Inc., which sells electronic parts to tinkerers, expects sales of about $10 million this year, up from $6 million in 2008. "Make" magazine, with articles on building items such as solar hot tubs and autopilots for robots, has grown from 22,000 subscribers in 2005 to more than 100,000 now. Its annual "Maker Faire" in San Mateo, Calif., attracted 75,000 people this year.

"We've had this merging of DIY [do it yourself] with technology," says Bre Pettis, cofounder of NYC Resistor, one of the first hackerspaces, in Brooklyn. "I'm calling it Industrial Revolution 2."

The financial crisis played a role in taking a nascent trend and giving it increased urgency, says Michael Cima, an MIT engineering professor. "I've been here 23 years and I definitely see this trend back to hands-on," he says. "A lot of people are pretty disappointed with an image of a career in finance and they're looking for a career that's real."

Access to the tools to tinker is getting easier. "Computer numerical controlled," or CNC, tools—which cut metal and other materials into whatever design is plugged into the computer attached to them—now cost as little as a tenth of what they did a decade ago. Mr. Sessions, the MIT student, says he first looked at such mills on a lark, assuming the price would be well out of his reach. But his mill cost about $7,000 to buy and set up.

He sees the bike-sprocket business as a springboard for developing more complex products, such as a device to increase mobility for arthritis sufferers or an energy-efficient car transmission. He thinks his interest in tinkering will give him an advantage in a global marketplace.

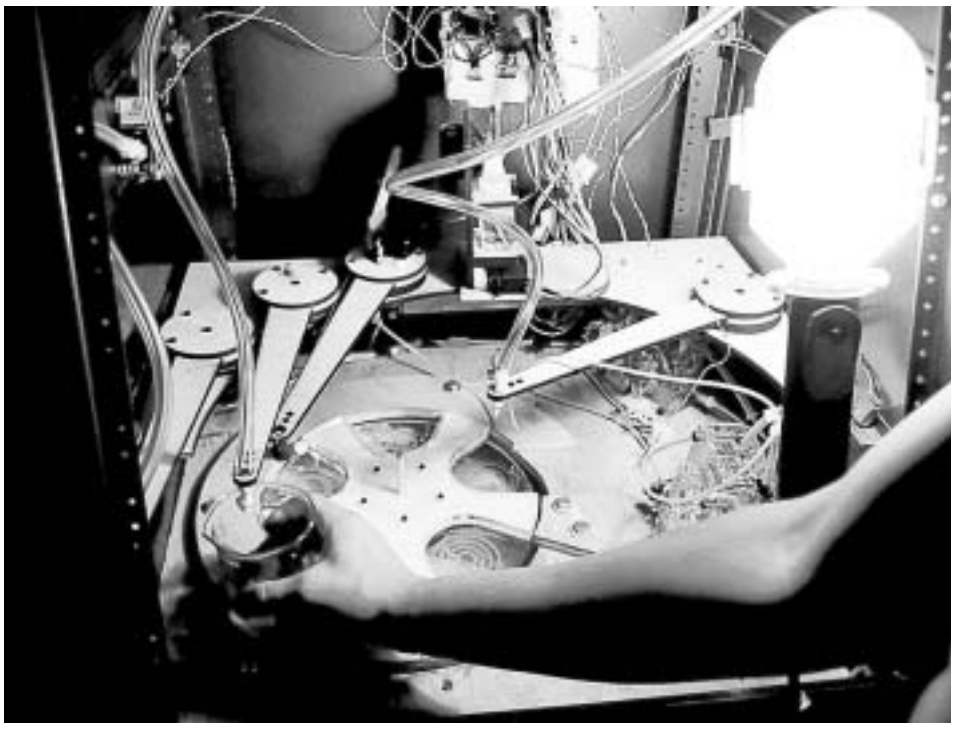
"If it doesn't have that creative aspect to it, it may not be worth doing, because your job can be outsourced," he says.

Innovation in the U.S. is peppered with examples of tinkerers who started out small, but came up with big ideas, says Naomi Lamoreaux, an economic historian at the University of California, Los Angeles. "The really dynamic times in our history are times when you have lots of ordinary people who think they have a chance to make a difference."

Through much of the past century, however, developing new products required increasingly complex and expensive tools that were out of reach of most individuals—the Wright brothers built an airplane in their bicycle shop, but the first jet-powered aircraft were built at well-funded corporate and government labs. As a result, large firms came to dominate innovation.

That trend was disrupted in the 1990s when

NEWS IN DEPTH



Alex Welsh for the Wall Street Journal (2)

The 'Barbot,' left, designed by members of the collective, pours and mixes drinks on its own. Jason Euren, above, works on a beginners soldering kit.

Occupying a space somewhere between shop class and the computer lab, the new tinkerers are making everything from devices that Twitter how much beer is left in a keg to robots that assist doctors. The experimentation is even creating companies. With innovation a prime factor in driving economic growth, and corporate research and development spending tepid, the marriage of brains and brawn offers one hopeful glimmer.

low-cost computers allowed Internet and software start-ups to compete with giants. But when it came to developing innovative physical products, high prices kept high-tech machine tools and materials out of most tinkerers' reach.

"There have always been hobbyists, but it was really hard to go from being a hobbyist who built hot rods to becoming a car company," says Erik Kauppi, a member of at A2 Mech Shop, an Ann Arbor, Mich., workshop where tinkerers pool tools they own. "But now, all of a sudden a guy or a couple of guys have a lot more leverage."

The electric scooter that Mr. Kauppi, who is 49, developed at the workshop is now in production. His business, Current Motor Co. in Scio Township, Mich., plans to begin shipping its scooter, with a starting price of $5,500, this month.

At engineering schools, the drop in costs is putting tools once accessible only to senior researchers into the hands of undergraduates. The Hobby Shop at MIT, once mainly a wood shop, has been accumulating advanced equipment, some castoffs from MIT laboratories, some bought.

"Now you can build sophisticated robots and things like that with all these new pieces of equipment they have," says Greg Schroll, 23, a 2008 MIT engineering graduate.

He hopes to eventually start a company around a spherical robot he built at the MIT shop, which he sees being used to gather information in places too hazardous for humans. Projects made by MIT students in the Hobby Shop now in commercial production include a LED system to create lighting effects for film and a machine to salt the rim of a margarita glass.

Hands-on is catching on at other schools. There were 27% more undergraduates who earned mechanical-engineering degrees in 2008 than in 2003, according to the American Association of Engineering Societies. Over the same period, the number of computer-engineering graduates slipped by 31%.

Students at Carnegie Mellon University asked to stay at school for a week after exams last spring so they could hang out and build things. Ed Schlesinger, a professor there, says that after a long period where theoretical work dominated at engineering schools, "when students talk to each other now, it's 'So, what cool project are you working on?' It's not enough to say I took these classes and got an A." Stanford University's Product Realization Laboratory, where students learn machining, welding and other hands-on skills, has seen membership jump to 750 from 450 over the past five years.

As a junior at Stanford in 2004, Carly Geehr thought she was headed for medical school. Then she took a course on manufacturing and design at the Stanford workshop.

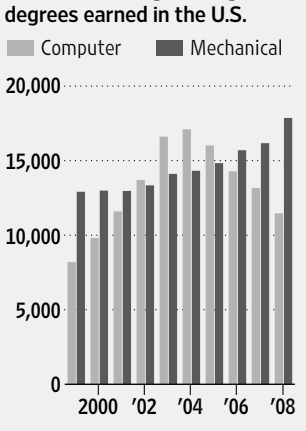
"I'd never held a drill in my life, but working with the milling machine—I was just blown away," says Ms. Geehr, who is 24. She changed her major to engineering and, as a doctoral candidate in engineering, is now a teaching assistant for the course that gave her the bug to build. On a recent day, she cheered students on as they prepared molds for sand-casting bronze, occasionally donning a protective fire suit to skim red-hot dross from the crucible before pouring molten metal into the molds.

Giulio Gratta, a senior in Stanford's engineering school, has been using the workshop to build a panoramic camera. Even though Stanford is in the heart of Silicon Valley, he says software and Internet development don't hold as much interest as before. "It's no longer the thing to do," says Mr. Gratta, who is 21. "People have to figure out something else. Maybe...physical things."

Until the 1950s, economists thought how fast the economy grew was mostly a matter of how much money was spent and how much work was getting done. But in a 1957 paper that helped him later earn a Nobel Prize, MIT economist Robert Solow showed capital and labor only accounted for about half of growth. The remaining half he attributed to innovation—an area where the U.S. has long had an advantage.

Changing focus

Bachelor's of engineering degrees earned in the U.S.



Source: American Association of Engineering Societies

In recent years, however, U.S. spending on research and development has led some economists to worry that innovation will no longer provide the boost it once did. Corporate R&D spending grew an average of 2.6% annually from 2000 to 2007, down from an average of 6% in the 1980s and 1990s, according to the most recent figures from the National Science Foundation. Chief financial officers surveyed in September by Duke University's Fuqua School of Business and CFO Magazine said they expected their companies' R&D spending to grow by just 0.4% over the next year.

Tinkering represents innovation outside such figures. TechShop in Menlo Park, Calif., for example, is a for-profit workshop and operates like a gym, except that the members who pay $100 a month are milling iron rather than pumping it.

Founder Jim Newton tallied a list of all the tools he could imagine needing. Now TechShop, opened in 2006, has $500,000 worth of lathes, laser cutters and other equipment.

There are 600 members at TechShop's original location, up from 300 a year ago, and it has opened workshops in Durham, N.C., and Beaverton, Ore. Projects under way include a liquid-cooling device for computer servers and an electric two-wheeled car.

NYC Resistor, the hackerspace in Brooklyn, is funded by members and fees from classes it offers. It opens to visitors every Thursday. Recently, a group gathered around Ben Combee, who demonstrated the laser cutter. He put a piece of Plexiglas into place, started the air compressor, pushed a button and shouted, "Fire the laser!"

At a table strewn with laptops, wires and circuit boards, Eric Skiff showed off a robotic arm that twitches when a hand is passed near it. In a corner is the Barbot, a robot that, when it works, pours and stirs an absinthe cocktail called a Sazerac.

Such projects—not to mention a giant Lite-Brite and a toy piano that plays Philip Glass's "Modern Love Waltz"—may seem frivolous. But Zach Hoeken Smith, a NYC Resistor cofounder, thinks something important is going on. The computer kits sold by companies such as Apple in the 1970s were demeaned as toys, he says, but ended up launching the personal computer revolution.

Mr. Smith, 25, studied computer science at the University of Iowa, and worked as a Web developer. But a few years ago, he started playing with an "Arduino"—an open-source microcontroller. These are used as the "electric brains" for everything from wall-avoiding robots to a hat that pokes the wearer's heads if the person stops smiling. "I was hooked," he recalls.

Intrigued by the idea of making a machine than can build its own parts, Mr. Smith got interested in "rapid prototyping machines"—3D printers that lay down layers of materials like plastic to form objects. The technology is used by manufacturers to make prototypes, with industrial machines typically costing tens of thousands of dollars.

Mr. Smith's NYC Resistor friends Mr. Pettis and Adam Mayer joined the project. Using off-the-shelf electronics and parts, along with a laser cutter, they came up with a machine. Now they're selling kits to make 3D printers.

Their company, MakerBot Industries, has shipped 350 of the $750 kits so far. They hired two employees, started paying themselves, and are building another 150 kits for their next shipment.

Adam Elkins and members of a hackerspace in Philadelphia, called Hive 76, bought one kit and built the machine. Mr. Elkins, a 28-year-old system administrator for a software company, says he doesn't have access to a lot of space, so he goes to the hackerspace to build. "There's no man-cave I can go to and do things."

The first thing he made on the 3D printer was a black plastic ring topped off with white plastic jewel. Last month, he presented it to his girlfriend, along with a marriage proposal. She said yes.

WSJ.com

Online today
See photos and a video of the projects under way in Brooklyn and Stanford at **WSJ.com/US**

In slump's wake, women hold half of U.S. jobs

Households that could afford to have one spouse stay home find roles upended by layoffs in male-dominated industries

JEFF and Vicki Grenz celebrated their 25th anniversary on Sept. 12, 2007. The date marked another milestone for the California couple: Ms. Grenz went back to work.

After giving birth to the second of four children, Ms. Grenz, now 47 years old, stopped working as a campaign consultant full time in 1993. "Every time I had a big meeting or had to go out of town, someone had an ear infection," she said. So Mr. Grenz supported the family through his business as a custom home builder, while his wife stayed home.

The recession and real-estate collapse in the U.S. have taken that option away from women such as Ms. Grenz who could afford not to work during the boom. Thanks to steep layoffs and soaring unemployment among men, more women are returning to the work force.

While Ms. Grenz had taken on occasional campaign consulting projects over the years, she hadn't planned on re-entering the work force so soon. "I always assumed I would go back, just not when I had a toddler at home," said Ms. Grenz, whose youngest was 2 years old when a sharp slowdown in her husband's home-building work sent her back to work two years ago as a community-relations manager for a local engineering firm.

The composition of the nation's work force is approaching an unprecedented benchmark. Due in part to deep layoffs of men, women are poised to become the majority of workers for the first time. As of September, women held 49.9% of the nation's jobs, excluding farm workers and the self-employed, a rise of 1.2 percentage points from their 48.7% share when the recession began in December 2007. In 1970, women held 35% of jobs.

Deep cuts in male-heavy sectors like construction and manufacturing have left unemployment for men age 16 and over at 11.4% as of October—a quarter-century high. Joblessness among women is lower, at 8.8%, as employment in female-heavy sectors like education and health care has remained steadier.

There is evidence that women's growing representation in the labor force stems not only from men losing their jobs but from women who previously didn't work seeking employment. Since the recession began, the number of women age 16 and over in the labor force—which includes both the employed and those who are looking for work—has expanded by 300,000 to 71.7 million. Meanwhile, the number of men working or seeking work has dropped by 123,000 to 82.28 million, according to the Department of Labor.

Despite reliance on the female paycheck, women still earn less than men.

"I think we are at a pivotal moment," said Arlie Hochschild, a professor at the University of California, Berkeley, who has written several books on work-life balance. For many households, it used to be that "she worked because she wanted to," said Ms. Hochschild. "Now, she's working because she has to."

Getty Images

Office workers eat lunch on a Washington, D.C., park bench in 1963. Today, women are poised to become the majority of workers for the first time.

Despite households' increasing reliance on the female paycheck, women still earn markedly less than men.

Women are either the sole earner or make as much as or more than their male spouses in four out of 10 U.S. families with children under 18, said Heather Boushey, a senior economist with the Center for American Progress, a liberal Washington think tank. Yet the median earnings of full-time working women in 2008, the first year of the recession, fell by 1.9% to $35,745, while earnings for men declined 1% to $46,367, according to the Commerce Department.

Anne Core, 44, who lives in Chevy Chase, Md., went back to work full-time in April after her husband, a radio personality, was laid off in a bout of cost-cutting along with several hundred others. Ms. Core had been working part-time as a bookkeeper in the past couple of years after stepping down from her full-time job running the local Chamber of Commerce a decade ago to raise her daughter, now 15. She expected she would return to full-time work at some point, but her husband's layoff was "the motivating factor," she said.

She found a position as a director of marketing at a law firm. "We've swapped roles a bit," she said. "Now he's the one doing part-time work and picking her up after school."

>But it hasn't been a perfect switch. For one, her income isn't enough to replace what he used to earn. "We have less money now, we eat at home a lot more," she said. "We used to go away for a week between Christmas and New Year's, and this year we're just doing a day trip." She also has lost the time she used to have for friends or to have lunch with her 70-year-old mother.

Across the country, day-care centers and after-school programs say their enrollment is rising—a factor many attribute in part to the increase in working moms.

"We're up about 12% from last year" in terms of enrollment, said Susan Leger-Ferraro, who founded Little Sprouts Schools and serves as president of the Lawrence, Mass., child-care provider with 11 locations and an enrollment of about 1,500 children. "I haven't seen that kind of increase in 27 years of business."

"About two-thirds of our clubs are serving more kids this year," said Jan Still-Lindeman, spokeswoman for the Boys & Girls Clubs of America, which serves about 4.5 million children across the country. In West Phoenix, for example, the local club last week served an average of 220 children per day, compared with 150 per day last year, according to Josh Stine, the local director.

"In this economy we have more mothers working, taking on second jobs or going to night school," said Mr. Stine. He added that the club's low cost—membership is just $30 a year—and on-site meals also are driving enrollment. "Last year, we were serving about 50 meals a night," he said. "This year, it's close to 80."

Stephanie Coontz, a professor at Evergreen State College in Olympia, Wash., who has written extensively about the history of marriage, says that the shift in spousal roles in some families could have a lasting impact. "The silver lining here may be that men now get a little more experience under their belt in terms of actually being the experts at home," she said. "When the economy recovers, we may find a little boost towards men and women sharing these roles."

In the Grenz household in Sacramento, Calif., it is Mr. Grenz who has taken on more of the household duties while also trying to rebuild his business. Their new arrangement has resulted in home-cooked dinners being replaced by frozen pizzas and other quick meals such as burritos and quesadillas the kids can make themselves. Some extracurricular activities, such as traveling soccer teams, have also been dropped.

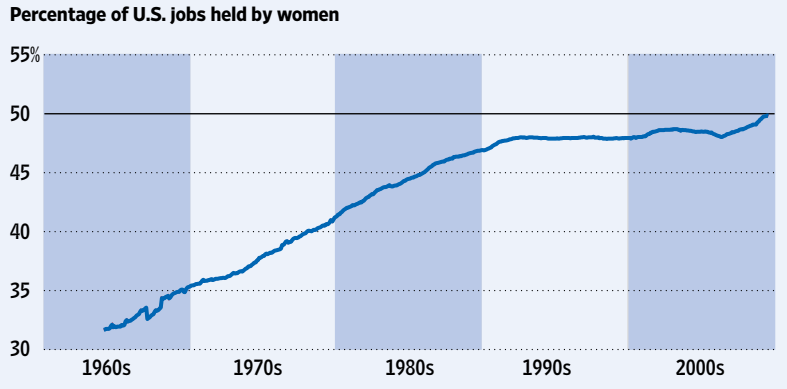
"I enjoy being a positive role model for my children," Ms. Grenz said, referring to her career. But, she said, "I can't sneak off and have coffee or lunch with a friend—even my parents I don't see as much of as I did."

She added: "The hardest part has been missing the little things you did before that made your life wonderful," she said.

"It was a luxury for her to be able to take a decade off," Jeff Grenz said of his wife. "When we look at the future, the way we have to rebuild our retirement accounts and rebuild my business, I don't think that will ever happen again."

Work shift

For the first time, women held almost half the nation's jobs, as a higher percentage of men lose their jobs and more women enter the work force.



Source: U.S. Department of Labor

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See more data on how women stack up in the work force at WSJ.com/Economy

Samsung Electronics' size brings big challenges

Continued from first page

the main software in its smart phones.

Lee Ho-soo, a Samsung executive vice president, says the company will still build smart phones with Microsoft's Windows Mobile and Google's Android software, but it wanted the flexibility and control that firms like Apple get from owning a phone platform, too.

To reduce the frictions that can come from competing with customers and suppliers, Samsung requires each business unit to account for its own profitability, pay for its own capital needs and negotiate with each other on the same terms as outside firms.

"People look at our businesses and see vertical integration. It really isn't," says David Steel, a Samsung senior vice president and marketing strategist. "It's a portfolio of component businesses and consumer-product businesses and, within that, we don't compromise on the idea that each business is charged with its own success."

While Samsung's divisions don't subsidize each other, analysts say the units still get benefits from each other at times. For instance, if there is a shortage of liquid crystal displays, or LCDs, Samsung's TV-making unit can still count on getting some.

"They're notorious in the industry for internal competition," says Paul Semenza, a vice president at market research firm Displaysearch. "But they can help each other out in the respective extremes of the business cycles."

Samsung has long been the biggest maker of memory chips for computers and, over the past decade, became the leader in flash memory chips used in other gadgets.

Three years ago, it unseated **Sony** Corp. as the world's largest TV maker and, two years ago, passed **Motorola** Inc. as the second-largest cellphone maker after **Nokia** Corp. It jockeys with another South Korea-based company, **LG Display** Co., for the leading position in LCD sales.

And in contrast to other giant electronics firms, Samsung has reached those positions without major acquisitions and by running its own factories instead of hiring contract manufacturers. Meanwhile, H-P on Wednesday announced its latest acquisition, an agreement to buy networking-gear maker **3Com** Corp. for $2.7 billion in cash.

Vast size means Samsung can throw enormous resources behind an innovation, as it did in March when it spent $50 million to launch a premium line of LCD-TVs with ultra-thin screens.

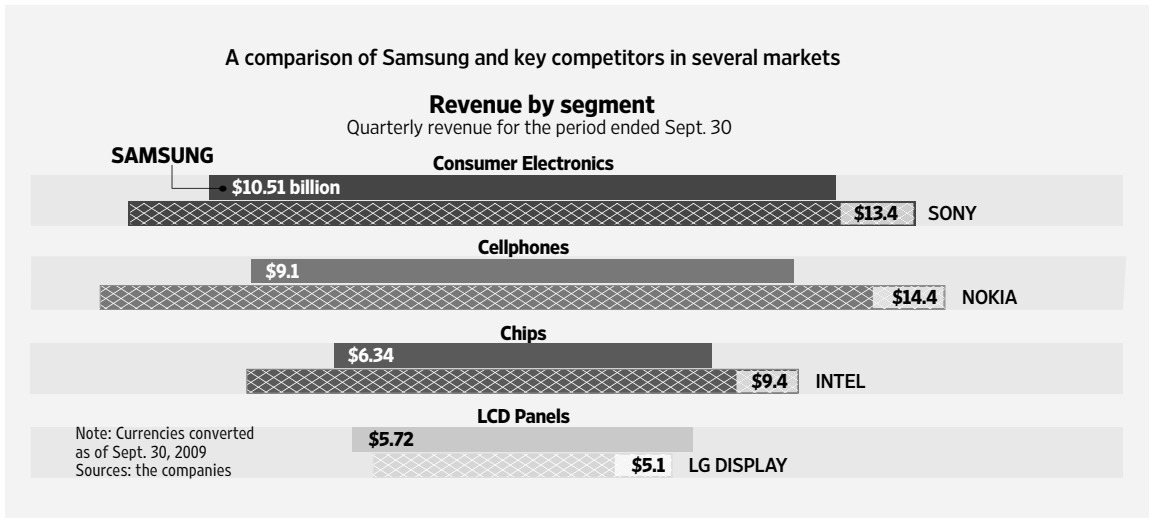
But it has reduced its willingness to take risks. In smart phones, Samsung has been slow to settle on a strategy. Company executives say that is because they are juggling competing demands from carriers. But some observers say it shows Samsung is most comfortable sitting out technology battles until the market path is clear.

"I still believe that Samsung is a great second-best company but not an innovator," says Chang Sea-jin, a business school professor at the National University of Singapore and author of a 2008 book about the rivalry between Samsung and Sony. "Samsung is very good when technological trajectory is visible."

Big size has helped Samsung cope with the profit squeeze that all electronics makers face due to the constant downward price pressure of the chips at the heart of their products. Samsung posted a record profit of $3.1 billion in the third quarter, but it did so with an operating margin of just 11%. By contrast, its operating margin was 27.8% in the first quarter of 2004, when it set the previous record. Revenue in the latest period was 71% higher than it was then.

Bloomberg News

Samsung LCD monitors on display at a trade fair in South Korea on Oct. 13. About one-third of Samsung's revenue comes from companies that compete with it in producing the TVs, cellphones and other devices where it gets the rest of its money.



Samsung has about 164,000 employees, up from about 60,500 a decade ago. Samsung's chief executive officer, Lee Yoon-woo, recently told employees to aim for a new goal: $400 billion in revenue by 2020, about the current level of Wal-Mart Stores Inc., the world's largest company by sales. Samsung will push into areas like health care and home energy products over the next decade and may take advantage of acquisitions.

"We know it will be very difficult for us to achieve that goal with organic growth," says Kim Hyung-do, a vice president for strategic planning. But he adds the company also sees room to grow in some segments where it already has a foothold, like PCs, printers and systems-logic chips, the kind that are used as the brains in digital media players and other gizmos.

For Mr. Lee, setting that target marked another step out of the shadow of his predecessor Yun Jong-yong, who in 11 years as CEO took the company from $21 billion to nearly $100 billion in revenue.

Mr. Lee took over in May last year and almost immediately was faced with pulling the company through the global recession. He slashed production and inventories, slowed hiring but laid off just 200 people, mostly high-level executives in South Korea.

The company experienced just one unprofitable quarter and has been helped throughout the downturn by the weakness of the South Korean won against major currencies. Even as the won has gained against the U.S. dollar in the past two months, Samsung executives recently told analysts the won's ongoing weakness against the euro and the yen will help its bottom line.

Samsung's rise as an industry leader has been obscured by its reliance on Korean accounting standards. Only this year did Samsung begin to reveal consolidated sales figures on a quarterly basis, making it possible to see just how close it is to H-P's crown.

Samsung's revenue was 97.05 trillion won, or $82.4 billion, in the first nine months. For the full year, it will be close to the $113 billion H-P is expected to report for its fiscal year ended Oct. 31. The different timeframes could help Samsung since this November and December are likely to be better months for electronics sales than they were a year ago.

Intel to pay AMD $1.25 billion, names general cousel

Continued from first page

tles have increasingly been turning against Intel. Roger Kay, president of Endpoint Technologies Associates, which tracks the field, said that by settling, Intel may have alleviated some of the pressure regarding the cases brought by others.

"It was only going to get more expensive the farther down the litigation road they went, and this takes a lot of wind out of the sails of the other suits," Mr. Kay said. "Intel may have just reduced its legal tab by a number of billions of dollars."

The settlement was sorely needed for AMD, which has struggled with mounting losses and high debt levels related to its acquisition of graphics-chip maker ATI Technologies. With the lawsuit and other legal disputes now behind it, the company removes a serious investor concern, said Wedbush Morgan analyst Patrick Wang.

"AMD's liquidity issues are going to be taken away," Mr. Wang said. "This is something that is going to take away a major overhang for investors."

For its part, AMD said "the game has changed" in the chip business because of its strategies..

"We are optimistic that [the settlement] will usher a new era for our industry," said Dirk Meyer, AMD's chief executive officer, in prepared remarks.

Besides the money, the company pointed to provisions in the deal that affect how Intel does business in selling the chips that serve as brains in computers.

"We recognize that it will take time for people to understand how the operating conditions in processor business have changed—but make no mistake—they have changed," Mr. Meyer said.

He added: "Today marks the beginning of a new era ... one that confirms that the game has changed for AMD."

Besides the private antitrust case that AMD filed against Intel in a Delaware federal court, Intel has faced investigations in South Korea, Japan, Europe and in the U.S. by the Federal Trade Commission and the New York attorney general.

This year, the European Commission levied the largest antitrust fine in its history against Intel for anticompetitive practices.

Mr. Melamed, meanwhile, has 30 years of experience in antitrust law, according to his biography on the WilmerHale Web site. The site says Mr. Melamed worked at the Justice Department, where he was acting assistant attorney general in charge of the antitrust division, between October 1996 and January 2001.

> The settlement was sorely needed for AMD, which has struggled with losses

Intel's board selected Mr. Melamed Wednesday night, one person said.

Mr. Melamed was tentatively offered the position two weeks ago but didn't accept it right away, according to a longtime acquaintance. He is a "very intellectual" antitrust specialist, with a reputation as being "very technically and academically" inclined, the acquaintance said.

As Intel's top lawyer, Mr. Melamed will prove very helpful in navigating its current legal problems because "he knows every player around the world in antitrust," this acquaintance added.

Mr. Melamed fills a position that had been vacant since September, when longtime general counsel Bruce Sewell left the company for Apple Inc.

—Don Clark, Dionne Searcey and Joann Lublin contributed to this article.

MARKETING

Disney revamps movie studio marketing

Single team will handle the distribution from theaters to pay-TV, DVDs and online

By Ethan Smith

Walt Disney Co. is overhauling the way its movie studio markets and distributes films, part of an effort to adjust to rapidly shifting audience habits.

Marketing and distribution throughout the commercial life of a given movie now will be handled by a single team. That replaces the multitude of separate divisions once responsible for selling a film first to movie theaters and then later on home-entertainment formats and to pay television.

The announcement Wednesday was the first big move taken by Disney Studios Chairman Rich Ross, who was appointed to the job last month with a mandate to foster greater cooperation with the rest of the Disney empire.

"The way today's audiences and consumers experience our movies, home entertainment, and other multi-platform programming is rapidly changing as new technology offers more options than ever before," said Mr. Ross in a statement.

Mr. Ross added that one goal of the new structure is to offer fans "quality entertainment that is readily available." That is a nod to growing frustration with the ways studios release movies.

Currently, studios release a title on different formats at different times. For example, a film might not be available for release on digital download until a certain date because the studio had negotiated an exclusive time window for the DVD.

Increasingly, consumers want and expect the ability to watch a film or TV show on their own schedule and on a variety of devices.

However, until now, Disney Studios' organizational structure had been geared toward selling movies the old-fashioned way.

Bob Chapek, former head of Disney Studios' home entertainment division, will now oversee distribution of films from movie theaters to pay television, DVD and online release. Marketing will also be consolidated under a single executive who has yet to be named. Several midlevel marketing and publicity executives will lose their jobs under the plan.

Walt Disney Studios Motion Pictures/Everett Collection

A scene from Disney's 3-D animated version of 'A Christmas Carol,' with actor Jim Carrey voicing the character of Scrooge, pictured above.

The move also follows the departure of two senior studio executives: President Mark Zoradi and Daniel Battsek, president of Miramax, the art-house division that had been shrinking since the departure of founders Bob Weinstein and Harvey Weinstein.

Other studios have been making similar efforts to streamline their marketing and distribution. For instance, **Viacom** Inc.'s Paramount Pictures recently announced that it was merging its theatrical and home-entertainment marketing departments. But none has consolidated those operations to the degree Disney is attempting.

The moves follow a weak opening for Disney's "A Christmas Carol," a $175 million Jim Carrey vehicle that took in just $31 million in its first weekend in U.S. theaters.

Hollywood is wrestling with financial and technological challenges, as shifting consumption habits have wreaked havoc on studios' business models.

Costly pictures whose budgets were set in the much more forgiving economic climate of 2007 must try to make money in recession-wracked 2009.

At the same time, traditional media companies are facing unprecedented competition for audiences' attention from the Internet and gadgets like **Apple** Inc.'s iPhone and videogame consoles. In response, Disney recently announced an initiative called Keychest, overseen by Mr. Chapek, whose goal is to let consumers buy a movie once and watch it on multiple platforms, including DVD players, computers and mobile devices.

Keychest would essentially reinvent the notion of what it means for a consumer to buy a movie by redefining ownership as access rights, not possession of a physical product like a DVD.

There are journeys that turn into legends. Bahamas Islands. 10:07
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Sir Sean Connery and Louis Vuitton are proud to support The Climate Project.
LOUIS VUITTON

Published by Dow Jones Publishing Company (Asia). Printed in Hong Kong by Superflag Advertising and Communication Limited, 8 Chun Ying Street, NT. Printed in Indonesia by PT Gramedia Printing Group, Jalan Palmerah Selatan 22-28, Jakarta 10270. Printed in Japan by Yomiuri Shimbun, 1-7-1, Otemachi, Chiyoda-ku, Tokyo 100-8055. Printed in Korea by JoongAng Ilbo, 7, Soonwha-Dong, Chung-Ku, Seoul 100-130. 1997 June 04 Registration no.: SeoulKA00020 (Daily Newspaper). Publisher/Editor/Printer: Song, PilHo. Printed in Malaysia by KHL Printing Co. Sdn. Bhd. (ROC No: 235060-A) Lot 10 & 12, Jalan Modal 23/2, Seksyen 23 Kawasan Miel Phase 8, 40000 Shah Alam, Selangor, Malaysia. Printed in Philippines by FEP Printing Corporation, 3817 Mascardo St., Comer Metropolitan Ave., Pasong Tamo, Makati City. Printed in Singapore by KHL Printing Co. Pte Ltd., 57 Loyang Drive, Singapore 508968. Printed and distributed in Taiwan by The China Post, 8 Fu Shun Street, Taipei 104. Printed in Thailand by Nation Multimedia Group Public Co., Ltd., 1854 Bangna-Trad Road, (K.M. 4.5), Prakanong, Bangkok 10260. Published and printed on behalf of the Wall Street Journal India Publishing Pvt Ltd, 517B World Trade Centre, Barakhamba Lane, New Delhi 110001 by Mr Suman Dubey at A8 Sector 7, Gautam Budh Nagar, Noida-201301 and PLOT No.EL208, TTC Industrial Area, Mahape, Navi Mumbai - 400710 (Maharashtra), India, Editor: Suman Dubey, phone: +91-1164620215. ACP no. F2 (7/3) Press / 2009 FACSIMILE EDITION.

MONEY&INVESTING

Gold backs off its latest record as the dollar gains. The recent surge in prices comes despite a drop in key jewelry sales. **M2**

Heard on the Street: Bonanza in kangaroo bonds. **M12**

Nippon Yusen sets first stock financing in decades. **M3**

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CIC picks new chief for hedge investments

China-born Bill Lu, former manager at U.S.-based Tudor, is sovereign fund's highest-profile hire

CHINA'S sovereign-wealth fund has brought in a China-born portfolio manager with U.S. experience to run its hedge-fund investments, according ++to people familiar with the situation, marking its highest-profile hire so far.

*By **Rick Carew in Hong Kong and Jenny Strasburg in New York***

Bill Lu, formerly a portfolio manager at U.S. hedge fund **Tudor Investment** Corp., has become a managing director at **China Investment Corp.** with responsibility for investments in hedge funds and hedge-fund-like investments in public-market securities, according to these people.

HEDGE FUNDS

Bloomberg

CIC Chairman Lou Jiwei, shown in April, says the fund has allocated $110 billion for overseas investments this year.

Mr. Lu, the third official to oversee CIC's hedge-fund program since 2007, takes over the hedge-fund portfolio from Felix Chee, a Singapore native and former chief executive of the University of Toronto's endowment fund. Mr. Chee is continuing to work at CIC as a special adviser to CIC's chief investment officer, Gao Xiqing, according to a person familiar with the situation. It is unclear what prompted the change in Mr. Chee's responsibilities.

CIC's recruitment efforts have so far focused mostly on taking staff from other Chinese government agencies to fill senior roles, hiring junior staff from investment banks to fill junior spots, and borrowing staff to fill in other gaps. Because it is state-owned, CIC isn't able to offer salaries or bonus structures comparable to international financial firms.

Still, some overseas Chinese are motivated to join CIC by the chance to serve their country and see a stint at the sovereign-wealth fund, with its $300 billion in assets, as a résumé builder.

Mr. Lu, who joined Tudor in January 2004 and left in September, managed the firm's relationships in China, splitting his time between its headquarters in Greenwich, Conn., and Beijing.

Please turn to next page

Germany's WestLB to create 'bad bank'

BY WILLIAM LAUNDER

FRANKFURT—State-controlled German bank **WestLB** said Thursday that it would sell €85 billion ($127.35 billion) in assets from its balance sheet in a move that effectively creates Germany's first "bad bank."

The portfolio will include healthy as well as "toxic" paper and other assets, WestLB said. It is unclear to what extent West LB's owners and Germany's financial-market stabilization fund, or SoFFin, will be responsible for the pooled assets.

WestLB's owners, which include the state of North Rhine-Westphalia and its regional savings banks, will finalize decisions as to how the assets will be managed by the end of November, the bank said. An initial €6 billion in structured paper already has been backed by SoFFin, WestLB said.

The bank received a €4.8 billion risk guarantee from its owners last year to keep it afloat after sustaining heavy losses related to the U.S. subprime market. In June, a further €4 billion in risk guarantees were lined up by WestLB's owners.

WestLB said the much awaited "ring-fencing of nonstrategic assets" would help it reduce balance-sheet risks and focus on core banking activities. The ring-fencing should be completed by April 30.

Following months of debate about structure and control, European regulators and banks are making progress in cleaving off nonperforming assets from the balance sheets of troubled banks.

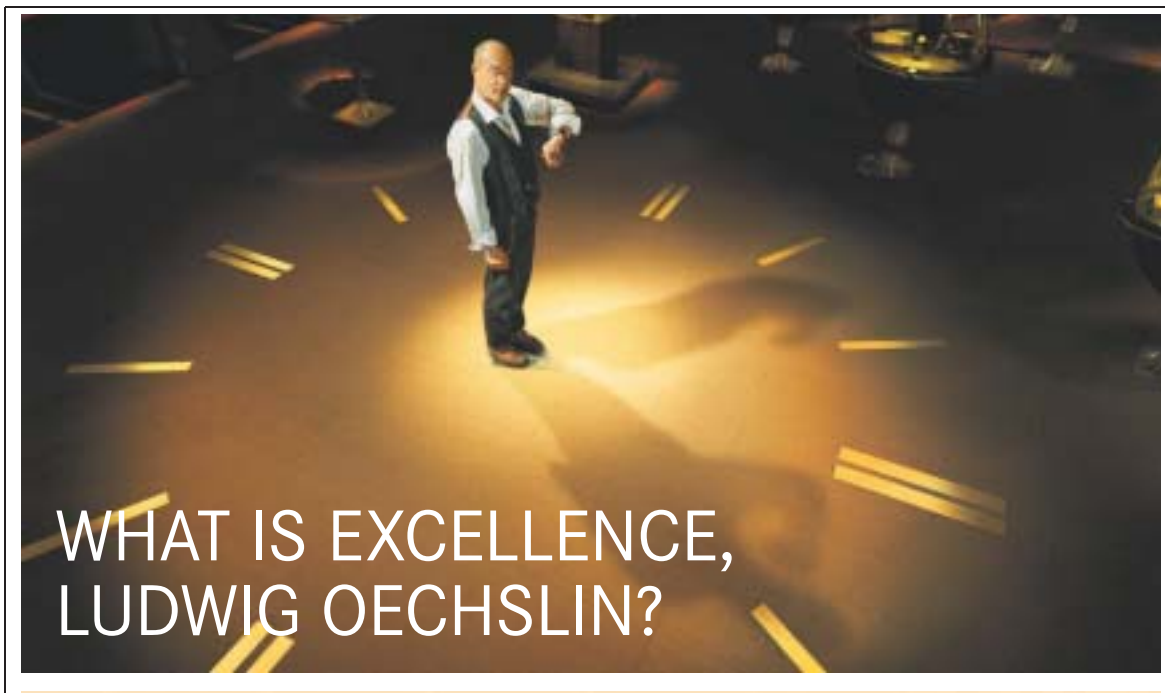
The European Union last month cleared a plan under which nationalized British lender Northern Rock will be split into a "good" bank, which can eventually be sold, and a "bad" bank that will be holding risky mortgages that will gradually be wound down.

WestLB is required by the European Commission, the EU's executive arm, to sell assets and simplify its balance sheet as a condition for receiving rescue aid from its owners. Units in the U.S., Asia and South Africa have been sold, and domestic branch closures will follow this year and next, WestLB said.

WestLB previously sold around €23 billion in assets from its balance sheet into an external holding portfolio named Phoenix.

WestLB assets transfer timeline

- **February 2008:** Owners plan t offlload €23 billion in trouble dassets in "Phoenix" portfolio
- **September 2009:** SoFFin guarantees initial €6 billion in structured securities
- **End of November 2009 (expected):** Total €85 billion assets to be pooled off of balance sheet



"To understand it, you have to understand the inner workings of the concept of time."
Ludwig Oechslin, curator at the Musée international d'horlogerie (international watch museum) in La Chaux-de-Fonds, Switzerland

Pushing back the boundaries of time comes naturally to watchmaker, astronomer and physicist Ludwig Oechslin. Here he's demonstrating the watch entitled 'Being Part of the Time'. By standing at the centre, his shadow points to the time. However, Oechslin sees a watch as more than simply a way to measure hours and minutes. To his way of thinking, it's also a communication tool, an item of jewellery, and even – in philosophical terms – a miniature model of the earth. To him, the perfect watch should be elegantly simple and efficient – values that Julius Baer also aspires to. Isn't it time you discover our elegantly simple wealth management solutions?

Julius Baer, the leading dedicated wealth manager in Switzerland, with over 100 years of tradition.

You can find the entire interview with Ludwig Oechslin at www.juliusbaer.com/excellence
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Julius Bär
COMMITTED TO EXCELLENCE

Gold futures

Daily settlement price on the continuous front-month contract on the Comex division of Nymex

Thursday 11 a.m. EST: $1,111.40 a troy ounce

Source: Thomson Reuters via WSJ Market Data Group; Associated Press (photo)

Shoppers take in the store windows on 47th Street in New York's diamond district, where gold is bought and sold.

Gold eases as dollar strengthens

Investors' appetite damped as greenback rises on disappointing euro-zone data

By Matt Whittaker

The seesaw between the dollar and gold continues.

After extending records on dollar weakness overnight, gold prices backed off Thursday as the greenback bounced.

At midday in New York, most-active December gold was unchanged at $1,114.60 a troy ounce on the Comex division of the New York Mercantile Exchange, after hitting a record for the most-active contract at $1,123.40 overnight in electronic trading. Thinly traded November gold was down 0.2% at $1,111.40, after reaching $1,121.30. Spot metal peaked at $1,122.87.

Investors have been piling into gold on overall dollar weakness and inflation fears, sending the metal to records. Gold tends to shoot higher when the dollar weakens, and it pulls back when the greenback shows signs of strengthening.

Thursday, the dollar strengthened after disappointing euro-zone industrial-production data outweighed an increase in October Australian employment, damping investor optimism about the pace of the global economic recovery.

Speculators, who trade for profit rather than to obtain physical metal or hedge mine production, have become attracted to gold amid a move out of the U.S. dollar and into commodities and stocks. The surge in speculative buying and record prices are coming despite lackluster jewelry buying in India, the world's biggest market.

High prices and a weak monsoon season, which has damped the purchasing power of farmers, have kept jewelry buyers away.

India's gold imports in the last two months of 2009 could decline 50% from a year ago as prices hit highs in the domestic market, said Prithviraj Kothari, director of RiddiSiddhi Bullions Ltd., a bullion trading house.

Investors have been piling into gold due to overall weakness in the U.S. dollar and inflation fears.

Other raw-materials prices often track inversely with the U.S. dollar because a falling or rising greenback can make them cheaper or more expensive for buyers using other currencies. But gold in particular is seen as a dollar hedge and, more broadly, as an alternative currency.

Midday Thursday, the ICE Futures U.S. Dollar Index, which measures the greenback against a basket of currencies, was up 0.173 point at 75.335 points.

"The key now is likely to be if the [index] can hold the 75 level on the charts, potentially sparking a correction on gold and equities," said James Moore, analyst with TheBullionDesk.com. "Or if it fails and extends lower we could easily see gold push on to new highs above the $1,150 level."

He said the recent push higher in gold has been prompting interest in the December $1,200 options contract.

—Swansy Afonso contributed to this article.

Banks face Milan trial on derivatives

By Sabrina Cohen

MILAN—A prosecutor here wants the London unit of **UBS**, **J.P. Morgan Chase &** Co., **Deutsche Bank** and Germany's **Depfa**, as well as 13 people, to face trial for alleged fraud over the sale of derivatives from a bond issue by the city of Milan valued at €1.7 billion ($2.55 billion), people with knowledge of the situation said Thursday.

"A judge will have to schedule a hearing to discuss the prosecutor's request" and decide whether to proceed with the case, a person with knowledge of the situation said. The hearing could be scheduled by the end of November, this person added.

Following an investigation that took more than two years, prosecutor Alfredo Robledo has filed the request to a Milan judge.

Mr. Robledo alleges that the four international banks earned about €100 million in "illicit profits" in a financial operation that took place in 2001.

In April, in a surprise move, Italian tax police officers seized €476 million assets owned by the four banks as part of the same investigation. The Milan probe started after several local governments across the country and in Milan said losses on derivatives contracts were piling up after the 2007 subprime crisis.

In an emailed statement, J.P. Morgan said, "We are vigorously defending the legal proceedings brought by the prosecutor and are confident that the strength of our legal position will be demonstrated through the judicial process. The J.P. Morgan employees involved in the transactions acted with the highest degree of professionalism and entirely appropriately."

UBS said in an email: "the transactions in which it was involved with the City of Milan were valid transactions which did not involve any behavior on its part or on the part of its employees which can be characterized as a participation in a crime or which could have caused any damage to the City of Milan."

The Swiss bank added, "UBS and their employees will therefore mount a vigorous defence against such charges. UBS has absolutely no evidence that any of its employees have done anything fraudulent or illegal in their dealings with the City of Milan."

Deutsche Bank said in an email, "We believe that our case is compelling and will prevail. We are also confident that our employees involved in the transactions acted with integrity."

A Depfa spokesman declined to comment.

Fannie, Freddie warn on losses

By Nick Timiraos

Fannie Mae and **Freddie Mac**, already reeling in red ink, are warning they could face additional losses from the weakening condition of mortgage-insurance companies.

Fannie and Freddie together have required capital injections from the Treasury of $112 billion since the government took them over through conservatorship last year. Their need for government support would have been greater without collecting on claims from mortgage-insurance companies.

But Fannie and Freddie have warned that their claims against the insurers may not be paid in full Fannie set aside $1 billion in loss reserves to cover the possibility that mortgage-insurance companies won't be able to pay full claims, the company said in a Securities and Exchange Commission filing.

Freddie hasn't set aside reserves but warned in an SEC filing that "several" of its insurers are "at risk of falling out of compliance with regulatory capital requirements, which may result in regulatory actions that could threaten our ability to receive future claims payments, and negatively impact our access to mortgage insurance for high [loan-to-value] loans."

CIC picks new chief for hedge-fund investments

Continued from previous page

Founded by Paul Tudor Jones in 1980, Tudor oversees $11.5 billion in assets and has one of the longest track records in the industry. The firm's flagship Tudor BVI fund, which makes bets on interest rates and currencies as well as stocks and commodities, has returned 22% a year on average since 1986.

Mr. Lu helped oversee BVI's trading decisions during his time with Tudor, and the split was amicable, a person familiar with the matter said.

Before joining Tudor, Mr. Lu worked as a quantitative strategist at another fund and taught finance at the University of Michigan's business school. He holds a doctorate in economics from Yale University and an undergraduate degree from China's Fudan University.

CIC has allocated $110 billion for overseas investments and deployed around half into deals so far, according to CIC Chairman Lou Jiwei. The fund is also considering asking for a further allocation from China's nearly $2.3 trillion of foreign-exchange reserves. CIC started with an initial $200 billion allocation when it was formed in 2007.

The sovereign fund has been active in the hedge-fund industry lately. This summer, CIC committed a total of around $1 billion to hedge funds-of-funds run by Blackstone Group LP and Morgan Stanley. The sovereign fund is also in the process of doling out billions more directly to hedge funds.

NOTICE PURSUANT TO SECTION 48(1)(b) OF THE INSURANCE ACT (CHAPTER 142)

Notice is hereby given that a Scheme dated 30 September 2009 ("Scheme") to effect the transfer ("Transfer") of the following Business (as defined below) of Swiss Life (Liechtenstein) AG, Singapore Branch ("SLB"), a branch of Swiss Life (Liechtenstein) AG, a company incorporated in Switzerland, and having a registered office at 250 North Bridge Road #15-02 Raffles City Tower Singapore 179101, to Swiss Life Private Placement (Singapore) Pte. Ltd. ("SLPP"), a wholly owned subsidiary of Swiss Life International Holding AG, duly incorporated in Singapore and having its registered office at 250 North Bridge Road #15-02 Raffles City Tower Singapore 179101, will be submitted to the High Court of the Republic of Singapore ("High Court") for confirmation pursuant to the provisions of section 47 of the Insurance Act, Chapter 142 ("Act").

The Business to be transferred under the Scheme will be the entire life insurance business of SLB as established under the Act, and all related property (tangible or intangible) and personnel of the abovementioned life insurance business.

Following the Transfer, the Business will vest in SLPP.

General Nature of the Scheme

The Scheme will take effect as from the date after the last of the following conditions is satisfied: (i) confirmation of the High Court of Singapore pursuant to section 47 of the Act; (ii) the registration of SLPP with the Monetary Authority of Singapore as a life insurer within conditions acceptable to both SLB and SLPP; and (iii) the approval of the board of SLB to the transfer, or on 1 January 2010 as the time and date as SLB and SLPP shall agree upon, and as the High Court shall allow ("Effective Date").

The Scheme provides for SLPP to acquire the Business as at the Effective Date.

Effect of the Scheme

Every person being a policyholder under a policy or policies of insurance relating to the Business recorded in the insurance policy register of SLB shall on or from the Effective Date, become entitled in substitution for any right or rights available to him under such policy or policies against SLB to the same right or rights against SLPP and in respect of any such policy or policies where premiums continue to be payable and/or which remains outstanding and unpaid or uncollected, shall account to SLPP for all premiums which have accrued and remain outstanding and unpaid or uncollected, as at the Effective Date and all further premiums as and when they become due.

Documents Available for Inspection

Copies of the Scheme will be available for inspection by all members of SLB and SLPP and all policyholders recorded in the insurance policy register of SLB relating to the Business, who should at the time of the inspection produce evidence that they are such members or policyholders, for a period of fifteen (15) days from the date of publication of this notice during normal business hours at the following addresses:

SWISS LIFE (LIECHTENSTEIN) AG, SINGAPORE BRANCH
250 North Bridge Road #15-02 Raffles City Tower Singapore 179101

SWISS LIFE PRIVATE PLACEMENT (SINGAPORE) PTE. LTD.
250 North Bridge Road #15-02 Raffles City Tower Singapore 179101

Application to High Court

An application to the High Court for confirmation of the Scheme will be made by SLB and in the course of this application, SLB will be requesting the High Court to dispense with the sending of copies of the Scheme or approved summaries thereof to every policyholder affected by the Scheme pursuant to section 48(3) of the Act. Any person who in the opinion of the High Court is likely to be affected by the Scheme as a policyholder of a policy recorded in the policy registry of SLB relating to the Business or otherwise and who is desirous of opposing the making of an Order for the confirmation of the Scheme may appear at the time of hearing of the application, in which case he is required to give seven (7) clear days previous notice in writing of his intention so to appear together with the grounds of his objection to the solicitors for SLB named below.

Dated this 13th day of November 2009

Messrs RAJAH & TANN LLP
Solicitors for Swiss Life (Liechtenstein) AG, Singapore Branch
4 Battery Road #26-01, Bank of China Building, Singapore 049908

Nippon Yusen stock sale

Shipping firm seeks to raise $1.59 billion; shares fall 4%

By Hiroyuki Kachi

Bloomberg

Trucks bound for shipment in front of a Nippon Yusen ship in Yokohama City,

TOKYO -- **Nippon Yusen** K.K. said it will raise up to 142.49 billion yen ($1.59 billion) through its first equity financing in four decades, making it the latest Japanese company to tap the stock market to realize its growth strategy and achieve a sound balance sheet.

Japan's biggest shipping company by revenue plans a public offering of 427 million new shares, comprising 220 million shares to be offered in Japan and 207 million shares overseas.

An additional offering of 33 million new shares is scheduled under an over-allotment arrangement in case of strong demand. The fixed offer price is slated to be determined between Dec. 1 and Dec. 3.

On the Tokyo Stock Exchange, Nippon Yusen shares fell on fears about share dilution. The stock ended down 4% at 314 yen.

As a result of the new share issue, the number of Nippon Yusen's outstanding shares will increase to up to 1.69 billion from the current 1.23 billion.

The company said it will use the proceeds to buy vessels, and for other purposes to further its growth strategy.

The company is feeling the aftereffects of the demise of Lehman Brothers and the subsequent global economic turmoil. The consequent slump in cargo transport demand and weakness in freight charges has saddled Nippon Yusen with losses.

The company extended its loss-making run to a third successive quarter in the fiscal second quarter ended Sept. 30, booking a net loss of 10.4 billion yen.

It is also holding back planned spending on its fleet. It previously planned to spend an estimated range of 1.54 trillion yen to 1.8 trillion yen over three years through March 2014. But as of last month, it had only decided on a much smaller amount totaling 830 billion yen.

Although weak demand led to a decision to minimize its container ship fleet, the company has still focused on other activities like bulk carriers, with economies in emerging markets such as China and India importing large amounts of iron ore and coal to power their industries.

Longfor raises $912.3 million

By Amy Or

IPO FOCUS

HONG KONG -- **Longfor Properties** Co. has raised 7.07 billion Hong Kong dollars (US$912.3 million) in a Hong Kong initial public offering after pricing its shares near the top end of the proposed range, a person familiar with the situation said Thursday.

Apart from cornerstone investors that had bought into the offer, Chinese sovereign-wealth fund **China Investment** Corp. and billionaire investor George Soros have also applied to buy shares in the company, another person said, adding Mr. Soros had applied to subscribe for US$26 million worth of Longfor shares. A spokesman for Mr. Soros declined to comment.

The developer priced the sale of one billion shares at HK$7.07 each, the person said. It earlier set a price range of HK$6.06-HK$7.10 for the sale

Five cornerstone investors have pledged to buy US$197.5 million worth of Longfor shares, people familiar with the deal said earlier.

Singapore state-owned investment companies Temasek Holdings Pte. Ltd. and Government of Singapore Investment Corp. are taking up US$50 million worth of shares each, Singapore-listed Hongkong Land Holdings Ltd. is buying US$37.5 million worth of shares, while Ping An Insurance Group Co. of China Ltd. and Bank of China Group Investment Ltd. are both subscribing to US$30 million each, the person said.

Longfor had received more than US$15 billion in subscriptions, people familiar with the situation said.

The institutional tranche, which carries a base size of US$810 million and accounted for 90% of the offer, received more than US$10 billion of subscriptions and was more than 12 times covered.

Longfor, a Chongqing-based property developer, aims to list on the Hong Kong stock exchange on Nov. 19.

Citigroup Inc., **Morgan Stanley** and **UBS** AG are bookrunners on the deal.

Aegon swings to profit, sets repayment

By Bart Koster

AMSTERDAM—**Aegon** NV swung to a third-quarter net profit on lower U.S. write-downs, improved life-insurance sales and cost-cutting measures.

Third-quarter net was €145 million ($217.2 million) compared with a net loss of €329 million a year earlier.

The Dutch pensions and life-insurance provider also confirmed Thursday that it will repay €1 billion of state aid on Nov. 30.

Impairments declined to €285 million in the third quarter from €407 million a year earlier, while the company said it had achieved its 2009 cost-savings target of €150 million.

It freed up €900 million of capital in the third quarter, lifting its excess capital position to €4.8 billion at the end of September.

However, pretax underlying earnings, which exclude some volatile elements, fell to €351 million from €500 million the year before, because of lower equity markets, de-risking measures and €66 million of exceptional charges, Aegon said.

Analysts had expected an average net profit of €104.8 million and average underlying earnings before tax of €375 million. Aegon shares fell 6.9% in Amsterdam.

'Where the market had hoped for a strategic change in course, this seems not to be there,' one trader said.

Dutch trader Cees Smit from Today's Beheer said the results looked positive at first sight, but added that "where the market had hoped for a strategic change in course, this seems not to be there."

Aegon confirmed its intention of repaying one-third of the €3 billion of core capital it owes to the Dutch state at the end of the month if conditions remain favorable. The money comes from a €1 billion capital increase it made in August.

"Our first priority is to pay back the first €1 billion state aid," said Chief Financial Officer Jan Nooitgedagt. "Second priority is to repay the remainder of €2 billion and then we will look to growth opportunities from our own business and eventually acquisition options."

Mr. Nooitgedagt said Aegon is awaiting a response from the European Commission on its restructuring plan and said he "has confidence" that the commission will recognize Aegon's strong capital position.

Aegon on Thursday announced the appointment of Mark Mullin as chief executive for Aegon Americas and as a member of the Aegon management board, to succeed Pat Baird from Jan. 1, 2010.

U.K. investigates hedge-fund group

By Margot Patrick

The U.K. Serious Fraud Office Thursday said it has opened a criminal investigation into **Dynamic Decisions Capital Management** Ltd., a London-based hedge fund firm.

The office said it is opening the investigation after a formal referral by the U.K. Financial Services Authority, after it and the FSA received complaints about the firm's investment activities in connection with its Cayman Islands-registered fund, called **Dynamic Decisions Growth Premium Master Fund** Ltd.

The fraud office said it welcomed further information on the matter, without giving details of the nature or scope of the investigation. An SFO spokesman wasn't immediately available to comment.

Alberto Micalizzi, Dynamic Decisions Capital Management Ltd.'s founder, also wasn't immediately available for comment.

The Dynamic Decisions Growth Premium Master Fund delisted its shares from the Irish Stock Exchange a year ago.

Grant Thornton was named the fund's official liquidator by a Grand Cayman court in May. The fund had about $550 million in unaudited assets at Dec. 31, Grant Thornton said at the time.

A Grant Thornton spokesman said he couldn't comment.

Dow Jones reaches deal to sell its stake in Stoxx

By Dennis K. Berman And Jeffrey McCracken

Dow Jones & Co struck a deal to sell its one-third interest in the **Stoxx** Ltd. stock-indexing business for €206.1 million ($308.8 million).

Stoxx Ltd. is a three-way joint venture between Dow Jones, Germany's **Deutsche Börse** AG and Switzerland's **SIX Group** AG. Launched in 1998, Stoxx calculates and licenses stock-market indexes for use in European-focused investment products such as exchange-traded funds, futures and options.

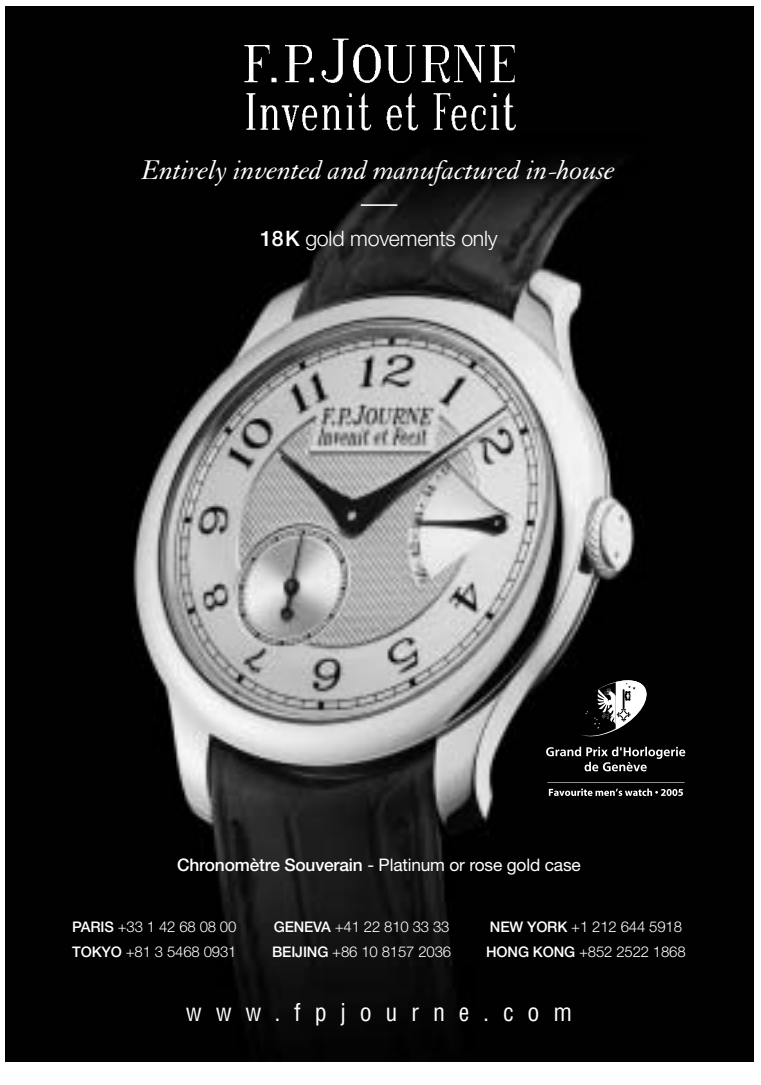
Stoxx estimates that about 30% of the assets under management in Europe are based on one of its indexes.

Under the terms of the deal, Deutsche Börse and SIX Group will each control half of Stoxx, with Deutsche Börse holding slight majority control over the reorganized venture. Dow Jones will also receive an "earn-out," which will allow it to earn as much as a further €29 million if the business performs well under the new structure.

Dow Jones has in recent months been reviewing its index business. Its most famous product is the 113-year-old Dow Jones Industrial Average, but it also calculates thousands of different indexes used as the basis for investment products.

Dow Jones, publisher of The Wall Street Journal, is owned by **News Corp.**

The deal is expected to close by the end of first quarter of 2010.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SAC Capital ex-analyst in probe

Complaint in Galleon case alleges nonpublic information on EMC was shared

By Susan Pulliam

Federal authorities in the **Galleon Group** insider-trading case are investigating the activities of a former **SAC Capital Advisors** analyst who has been cited, but not named, in a criminal complaint filed in the case, according to people familiar with the matter.

The complaint, filed last week in a New York federal court, alleges that an unnamed individual—identified by people familiar with the matter as former SAC analyst Mark Adams—provided nonpublic information in 2008 and 2009 regarding a Massachusetts "information technology" company. That company is data-storage hardware firm **EMC** Corp., where Mr. Adams once worked, the people say. The alleged trading took place after Mr. Adams left SAC and was at another hedge fund.

The investigation of Mr. Adams's activities could be significant for prosecutors as they expand the Galleon case to examine trades at, among other firms, SAC—one of the nation's best-known hedge funds.

In the last month, 20 individuals, including the founder of hedge fund Galleon Group, have been charged in the most sweeping insider-trading cases in years. The defendants have said they are innocent.

Mr. Adams, who left SAC in 2007, worked at SAC's Stamford, Conn., headquarters more recently than any other former SAC employee who is involved or a witness in the continuing investigation.

Mr. Adams, 41 years old, hasn't been accused of any wrongdoing, Neither Mr. Adams nor his lawyer returned calls for comment. Neither SAC nor its founder, Steven A. Cohen, has been accused of any wrongdoing. An SAC spokesman declined to comment. An EMC spokesman said he wasn't aware of any connection between the Galleon investigation and the Hopkinton, Mass., company. SAC hasn't been subpoenaed or contacted by authorities, people close to the situation say.

The alleged trading took place after Mark Adams left SAC and was at another hedge fund. Mr. Adams once worked at data-storage hardware firm EMC.

The allegations of insider trading took place when Mr. Adams was an analyst in the Boston office of Balyasny Asset Management. Mr. Adams left Balyasny after the Chicago-based hedge fund closed its Boston office recently, a person close to the situation says.

Mr. Adams worked at SAC from July 2005 to December 2007. He previously had worked at EMC doing business development, venture capital and merger work.

Balyasny, which hasn't been accused of any wrongdoing, hasn't been contacted by authorities regarding the insider-trading case, a person close to the situation says.

Mr. Adams is the latest name to emerge in an expanding web of individuals and companies involved in the Galleon matter. The government charged Galleon founder Raj Rajaratnam, who has denied wrongdoing, and five others in an initial round of charges on Oct. 16. Last week, 14 others were charged, including five cooperating witnesses.

One of those cooperating witnesses was hedge-fund manager Steven Fortuna, who was known by some in the financial world as "Tuna." A criminal complaint filed Nov. 5 against Mr. Fortuna alleges that a co-conspirator, identified by the people familiar with the matter as Mr. Adams, gave Mr. Fortuna nonpublic information in exchange for inside information from Mr. Fortuna about other tech companies.

A lawyer for Mr. Fortuna, who has pleaded guilty to securities fraud and other charges in the case and is cooperating with prosecutors, didn't return calls for comment.

SAC's tie to the case stems from a plea agreement signed in October by Richard Choo Beng Lee, a former SAC trader who is a witness in the government's Galleon case. Under his agreement with the government, Mr. Lee has agreed to provide information to the government about the activities of other SAC traders during the period he was employed by an SAC division, from 1999 until 2004, people familiar with the matter say.

Mr. Lee is cooperating with the government's investigation in hopes of receiving lighter penalties.

Mr. Lee's lawyer, Jeffrey Bornstein, declined to comment about what information his client "has or will be providing to the government."

Any information Mr. Lee could provide authorities about trading at SAC while he was there could be inadmissible if it falls beyond the five-year "statute of limitations" stipulating how the government can use evidence in such cases.

However, lawyers say the government can in some instances submit evidence that is more than five years old if they find evidence that an alleged pattern of behavior continued. E

Another former SAC trader involved in the investigation is Richard Grodin, a former hedge fund manager who also worked for Mr. Cohen and received a subpoena in the inquiry, a person close to the situation says.

Mr. Grodin hasn't been accused of any wrongdoing.

Neither Mr. Grodin nor his lawyer returned calls for comment.

Bain's offer for BellSystem tops $1 billion

By Ellen Sheng

HONG KONG—Private-equity firm **Bain Capital** LLC has put in a bid of more than $1 billion for Japanese telemarketer Bellsystem24 Inc. and hoped to finalize the deal by this weekend, a person familiar with the deal said.

Earlier this month, Bain won exclusive bidding rights to buy Bellsystem24 from **Citigroup** Inc., beating other private-equity firms, including Permira Advisors, CVC Capital and Blackstone Group.

The asset is being sold by Citigroup's Japan private-equity arm, previously known as Nikko Principal Investments, which is now called Citigroup Capital Partners Japan. Nikko bought Bellsystem24 for around 151 billion yen ($1.68 billion) in 2004 from IT services firm CSK Corp.

Citigroup put Bellsystem24 on the market last year, hoping to raise as much as $2 billion.

Citigroup has been under pressure to raise capital to pay back the federal loans it received from the U.S. government, and has raised about $8.9 billion from asset sales in Japan in the last few months.

In early October, Citigroup sold its Tokyo brokerage Nikko Cordial Securities and parts of Nikko Citigroup to SMBC, the core banking unit of Sumitomo Mitsui Financial Group Inc. in a transaction totaling $8.7 billion.

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Dexia core business might be broken up

By Matthew Dalton

BRUSSELS—**Dexia** SA could be forced to sell off a large piece of its core public-financing division if it can't convince the European Commission that the business is sustainable, according to people familiar with the situation.

The commission remains skeptical after months of negotiation over a restructuring plan submitted at the end of February by the Belgian-French bank, which has received repeated government bailouts, these people say.

If it is unable to convince the commission, Dexia will likely be forced to sell a large portion of its assets or even all of Credit Local de France, which accounts for roughly one-third of Dexia's public-finance lending, and continue as a much smaller bank focused on its business in Belgium and a few other countries. The commission—the European Union's executive arm—is taking a tougher stance with Dexia than with its Belgian rival **KBC Group**, these people say.

KBC will likely be required to reduce its balance sheet by 30%, while Dexia is under pressure to reduce its balance sheet by 40% or more, according to one person familiar with the discussions.

One issue with the public-finance business is that the loans it makes have decades-long maturities. To finance those loans, Dexia has relied on shorter-term borrowing on the wholesale markets, which offered cheap funding before the crisis hit. That funding dried up after the collapse of Lehman Brothers Holdings Inc. in the U.S. That prompted the governments of Belgium, France and Luxembourg to pump €6.4 billion ($9.6 billion) into Dexia and offer €150 billion in government debt guarantees to shore it up.

Dexia's public-finance business has been profitable recently because central banks have kept rates low and Dexia's government guarantees have allowed it to borrow cheaply. Dexia has also been able to boost its liquidity by issuing covered bonds, its main source of financing before the crisis. Covered bonds are debt secured by loans to Dexia's highly rated government clients.

But the commission is worried that these sources of funding could disappear in another crisis. Without enough bank deposits to finance these long-term loans, the governments might have to intervene again. Dexia has cut €60 billion from its €650 billion balance sheet since the beginning of 2009. It has raised €39.5 billion in long-term funding, but €22.4 billion of that was through state-guaranteed debt issues.

"In public finance, you need funding and there is a big gap at Dexia," said Ivan Lathouders, an analyst at Bank Degroof in Brussels. Both Dexia and the European Commission declined to comment. The commission recently extended approval until February for the government guarantees of Dexia's. A decision on the plan could come by the end of the year, people following the discussions say.

ASIAN MARKETS LINEUP

Moving the markets

At right, Japan's benchmark stock index and the biggest movers among the larger Asian stocks indexes and stocks Thursday. Below each index are its most actively traded stocks. The charts show the percentage change in each index's or stock's value, rather than the point change, for purposes of comparison. The index level or stock price is indicated on each axis. All indexes and stocks are shown in local currency terms.

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Asian index movers...

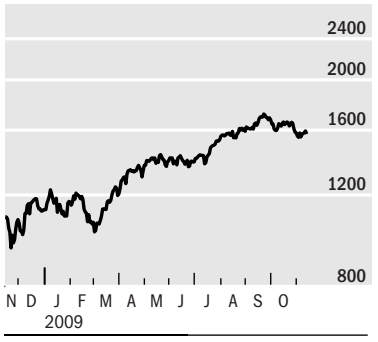
Nikkei Stock Average
Japan 9804.49
▼ **0.68% or 67.19**

News that Nippon Yusen will raise capital by selling stock raised concern that more companies will go ahead with measures that dilute shareholders' positions.

Stock	Volume in millions	Change Close	Change Net	Change %
Mizuho Financial	**89.30**	176	–2	–1.12
Mtshbsh Fin Grp	**73.96**	512	2	0.39
Sanyo Elec	**48.62**	166	unch	...
Nippon Yusen	**47.03**	314	–13	–3.98
Toshiba	**38.79**	510	–4	–0.78

Kospi
South Korea 1572.73
▼ **1.39% or 22.09**

The market gave up early gains to end lower, breaking a four-day winning streak. Much of the decline resulted from selling linked to the expiry of options.



Stock	Volume in millions	Change Close	Change Net	Change %
Hynix Semi	**20.30**	19,600	–350	–1.75
Hansol Homedeco	**17.36**	1,000	–50	–4.76
Chinhung Int	**14.76**	1,000	45	4.71
Kedcom	**10.36**	115	–15	–11.54
Baemyung Metal	**9.33**	1,210	–90	–6.92

Hang Seng
Hong Kong 22397.57
▼ **1.01% or 229.64**

Banks and property stocks led the market lower as investors took profits following recent gains. The decline ended a four-day rally for the index.

Stock	Volume in millions	Change Close	Change Net	Change %
Bank Of China	**263.52**	4.68	–0.11	–2.30
Icbc	**259.81**	6.67	–0.11	–1.62
CCB	**243.48**	7.03	–0.08	–1.13
PetroChina	**80.88**	10.08	–0.02	–0.20
ChinaPetroChem	**79.59**	6.85	–0.02	–0.29

Sensex
India 16696.03
▼ **0.91% or 153.57**

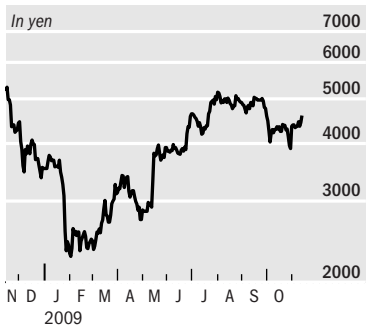
Losses by banks and mining stocks pulled the index down, despite monthly industrial-output data indicating that the economy is recovering.

Stock	Volume in millions	Change Close	Change Net	Change %
Dlf-A	**5.58**	370.85	–13.20	–3.44
Jaiprak Asso-A	**3.50**	236.65	–4.80	–1.99
Reliance Com-A	**3.44**	174.55	3.20	1.87
Tata Steel-A	**2.86**	511.85	–14.50	–2.75
Bharti Airtel-A	**2.15**	299.75	–0.35	–0.12

Asian stocks in the news

Nissha Printing
Japan ¥4,600
▲ **3.6% or ¥160**

Nissha gained from the planned changes to the MSCI index.

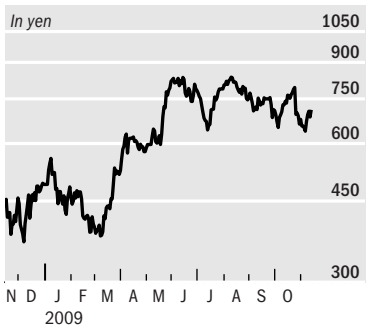


Price-to-earnings ratio	**27**
Earnings per share, past four quarters	**173.20**
Dividend yield	**1.0**

	PERCENTAGE CHANGE Daily	1 wk.	52 wks
Indus Gds & Svcs	**-0.8%**	1.8%	49.4%
Nissha Printing	**3.6%**	5.7%	-11.5%

Chiyoda Corp
Japan ¥710
▲ **3.6% or ¥25**

Like Koito, the construction firm gained from a planned reshuffling of the MSCI index.

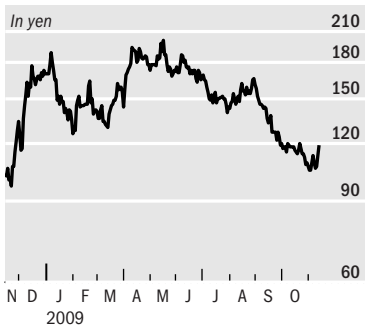


Price-to-earnings ratio	**92**
Earnings per share, past four quarters	**7.70**
Dividend yield	**0.4**

	PERCENTAGE CHANGE Daily	1 wk.	52 wks
Indus Gds & Svcs	**-0.8%**	1.8%	49.4%
Chiyoda Corp	**3.6%**	11.3%	62.1%

Taiheiyo Cement
Japan ¥119
▲ **5.3% or ¥6**

The company rose after a report it will cut output capacity to deal with reduced cement demand.

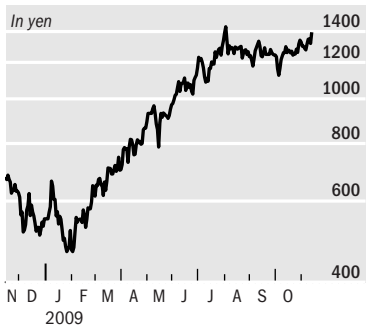


Price-to-earnings ratio	**none**
Earnings per share, past four quarters	**-4.70**
Dividend yield	**none**

	PERCENTAGE CHANGE Daily	1 wk.	52 wks
Constructn & Matl	**-0.9%**	3.6%	44.1%
Taiheiyo Cement	**5.3%**	5.3%	15.5%

Koito Mnfrg
Japan ¥1,395
▲ **5.8% or ¥76**

Investors bought the equipment maker before it is added to the MSCI index effective Nov. 30.



Price-to-earnings ratio	**37**
Earnings per share, past four quarters	**37.30**
Dividend yield	**1.1**

	PERCENTAGE CHANGE Daily	1 wk.	52 wks
Automobiles & Parts	**0.6%**	0.8%	47.4%
Koito Mnfrg	**5.8%**	9.2%	106.4%

CITIC Pacific
Hong Kong HK$22.20
▲ **9.1% or HK$1.85**

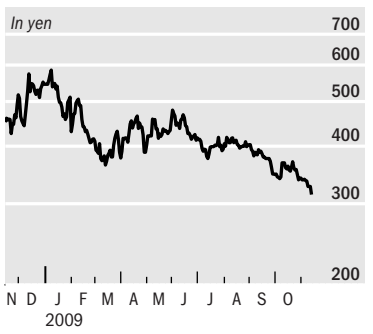
Bloomberg said Citic has Chinese buyers for most of the output of an Australian iron-ore project.

Price-to-earnings ratio	**none**
Earnings per share, past four quarters	**-6.87**
Dividend yield	**0.7**

	PERCENTAGE CHANGE Daily	1 wk.	52 wks
Indus Gds & Svcs	**-0.8%**	1.8%	49.4%
CITIC Pacific	**9.1%**	12.0%	235.3%

Nippon Yusen K.K.
Japan ¥314
▼ **4.0% or ¥13**

The shipping company announced plans to raise up to $1.58 billion of capital.



Price-to-earnings ratio	**none**
Earnings per share, past four quarters	**-15.90**
Dividend yield	**1.3**

	PERCENTAGE CHANGE Daily	1 wk.	52 wks
Indus Gds & Svcs	**-0.8%**	1.8%	49.4%
Nippon Yusen K.K.	**-4.0%**	-6.8%	-30.4%

Lend Lease
Australia A$9.25
▼ **4.5% or A$0.44**

The company said the outlook for construction outside Australia is weak.

Price-to-earnings ratio	**none**
Earnings per share, past four quarters	**-1.65**
Dividend yield	**1.7**

	PERCENTAGE CHANGE Daily	1 wk.	52 wks
Real Estate	**-0.8%**	2.5%	50.4%
Lend Lease	**-4.5%**	0.3%	30.3%

BlueScope Steel
Australia A$2.89
▼ **4.6% or A$0.14**

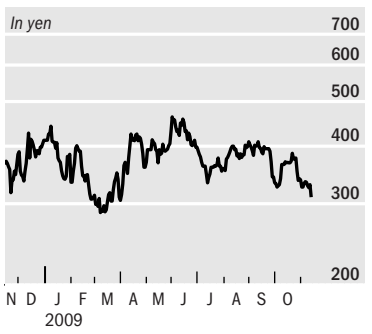
The company said a small loss is likely for the first half of its financial year.

Price-to-earnings ratio	**none**
Earnings per share, past four quarters	**-0.07**
Dividend yield	**none**

	PERCENTAGE CHANGE Daily	1 wk.	52 wks
Basic Resources	**-0.1%**	6.8%	86.2%
BlueScope Steel	**-4.6%**	-0.3%	-14.2%

Kawasaki Kisen Kaisha
Japan ¥310
▼ **6.1% or ¥20**

Plans by Nippon Yusen to raise capital weighed on other shipping lines.

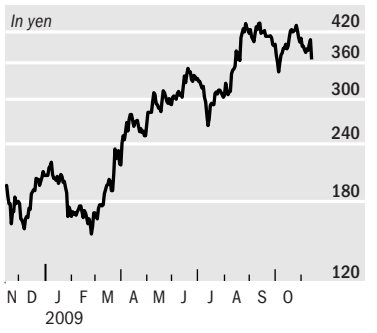


Price-to-earnings ratio	**none**
Earnings per share, past four quarters	**-123.70**
Dividend yield	**none**

	PERCENTAGE CHANGE Daily	1 wk.	52 wks
Indus Gds & Svcs	**-0.8%**	1.8%	49.4%
Kawasaki Kisen Kaisha	**-6.1%**	-7.5%	-15.1%

Ebara
Japan ¥366
▼ **9.4% or ¥38**

The stock fell because the pump maker is being dropped from the MSCI index.



Price-to-earnings ratio	**44**
Earnings per share, past four quarters	**8.30**
Dividend yield	**none**

	PERCENTAGE CHANGE Daily	1 wk.	52 wks
Indus Gds & Svcs	**-0.8%**	1.8%	49.4%
Ebara	**-9.4%**	-3.4%	88.7%

Treasurys pare gains on jobs data

Auction for $16 billion of long bonds

By Emily Barrett

NEW YORK—Treasurys cast off some of their overnight gains Thursday, thanks to a better-than-expected jobs report, and ahead of another round of bond auctions.

U.S. CREDIT MARKETS

Treasury prices fell back on news of a drop in claims for jobless benefits in the latest week. Late morning, the two-year note was up 1/32 at 100 11/32, yielding 0.823%, and the 10-year note was up 6/32 at 99 8/32 to yield 3.46%.

Early Thursday, the U.S. Labor Department said initial claims for jobless benefits fell by 12,000 to 502,000 in the week ended Nov. 7, a far steeper decline than the average forecast in a survey of economists.

The $16 billion sale of 30-year notes Thursday was unlikely to meet the demand seen at the three- and 10-year auctions earlier this week, which despite their record volumes drew hefty bidding.

CRT head of government bond strategy David Ader said that 30-year auctions have an erratic record, though at the moment, "30s in particular are very cheap," and the momentum behind recent trade that has disadvantaged long-dated paper seems to be turning.

Horseman fund manager to quit

By Cassell Bryan-Low

London hedge-fund manager John Horseman, who bucked the trend in 2008 by returning more than 31% for his investors, is stepping down as manager of the **Horseman Global Fund** amid hefty losses in 2009.

In a letter to investors, dated Nov. 11, Mr. Horseman said that he had planned to continue as manager for several more years, but was stepping down "for personal reasons and also because of how I perceive the investment environment."

The Horseman Global Fund Ltd, which has about $3.6 billion of assets in that fund and similar strategies, was down about 23% through the end of October, according to a monthly newsletter to investors. In total, the firm manages about $4.6 billion in assets, the newsletter said.

Russell Clark will take over the running of the fund on Jan. 1.

Japanese yields fall on solid five-year sale

By Tomoyuki Tachikawa

TOKYO—Solid demand at an auction of five-year Japanese government bonds sparked across-the-board buying and pushed the benchmark 10-year yield down below 1.4% for the first time in a week.

The 10-year yield tumbled 0.05 percentage point to 1.375%.

Despite growing concerns about extra supply, Japan sold 2.186 trillion yen ($24.34 billion) of the five-year paper at a lowest price of 100.03, higher than traders' forecast of 100.02. The bid-to-cover ratio, a measure of demand, was 3.70, much higher than 2.17 at the last tender in October. A higher ratio is considered an indication of stronger demand.

BOND MARKETS

"JGB prices have been falling recently, [pushing yields higher,] but Thursday's auction showed that current yields are good levels to prompt players to buy on dips," said Akito Fukunaga, an analyst at Credit Suisse.

But market players say the decline in longer-term yields is likely to be limited given the government's unclear stance on bond issuance. While demand for midterm bonds may stay solid due to speculation that central banks world-wide will keep accommodative monetary conditions, long- to superlong-term yields could resume their upward trend soon.

"Many investors remain worried about the size of new debt issuance during the rest of this fiscal year and in the next fiscal year. They are not in a position where they can keep buying JGBs actively," Mizuho Securities market analyst Masashi Shimominami said.

"If the 10-year yield falls to around 1.35%, players will likely start selling cash bonds again," he added.

Finance Minister Hirohisa Fujii said Tuesday that he is "highly concerned" about the potential impact of recent increase on growth. But he didn't specify how Tokyo intends to bring them down.

"It will take more time until the new government alleviates fears in the market by showing its serious intention to avoid making the financial situation any worse," one trader at a Tokyo securities house said.

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Sector Equity Other

Funds that have meaningful sector concentrations but do not fit in a Sector Equity category. At least 75% of total assets are invested in equities. Ranked on % total return (dividends reinvested) in U.S. dollars for one year ending November 12, 2009

Leading 10 Performers

FUND RATING *	FUND NAME	FUND MGM'T CO.	CURR.	LEGAL BASE	% Return in $US ** YTD	1-YR	2-YR	5-YR
NS	**BlackRock Commodities Income Inv Trust**	BlackRock Investment Managers	GBP	United Kingdom	**68.98**	73.61	-18.65	NS
NS	**DnB NOR Navigator**	DnB NOR Kapitalforvaltning AS	NOK	Norway	**95.96**	68.67	-27.79	22.55
NS	**DnB NOR Navigator (I)**	DnB NOR Kapitalforvaltning AS	NOK	Norway	**93.86**	67.48	-28.00	NS
NS	**AmGlobal Agribusiness**	AmInvestment Services	MYR	Malaysia	**65.21**	59.17	-10.42	NS
NS	**FIM Rento**	FIM Varainhoito Oy	EUR	Finland	**44.94**	53.66	-14.58	5.20
NS	**CAAM Funds Global Agriculture C**	Crédit Agricole-LCL	USD	Luxembrg	**50.77**	53.58	NS	NS
NS	**Allianz RCM Glbl Agricult Trds A EUR**	Allianz Global Investors Luxembourg S.A.	EUR	Luxembrg	**40.61**	38.33	NS	NS
NS	**Sarasin AgriSar A Acc**	Sarasin Investment Funds Limited	GBP	United Kingdom	**34.10**	36.79	NS	NS
NS	**Horizon Solidarité Audace**	Prado Epargne	EUR	France	**29.76**	34.79	-15.29	4.57
NS	**ODIN Maritim**	ODIN Forvaltning AS	NOK	Norway	**41.59**	34.67	-33.76	9.26

NOTE: Changes in currency rates will affect performance and rankings.
KEY: ** 2YR and 5YR performance is annualized
NA-not available due to incomplete data;
NS-fund not in existence for entire period

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FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	—%RETURN— YTD	12-MO	2-YR
AHW Top-Div.Int.	GL	EQ	LUX	11/11	EUR	53.97	19.7	3.5	-29.8

AllianceBernstein

■ ALLIANCE BERNSTEIN
www.alliancebernstein.com/investments Tel. +800 2263 8637

FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	—%RETURN— YTD	12-MO	2-YR
Am Eq Blend A	OT	OT	LUX	11/11	USD	10.33	25.8	26.4	-15.2
Am Eq Blend B	US	EQ	LUX	11/11	USD	9.72	24.8	25.3	-16.0
Am Growth A	US	EQ	LUX	11/11	USD	30.72	34.1	44.5	-6.2
Am Growth AX	US	EQ	LUX	11/11	USD	33.14	34.8	45.4	-5.6
Am Growth B	US	EQ	LUX	11/11	USD	25.87	33.0	43.1	-7.1
Am Growth C	US	EQ	LUX	11/11	USD	27.82	33.7	43.9	-6.5
Am Growth I	US	EQ	LUX	11/11	USD	34.01	35.1	45.7	-5.4
Am Income A	US	BD	LUX	11/11	USD	8.40	23.4	28.0	5.1
Am Income A2	US	BD	LUX	11/11	USD	18.81	23.6	28.0	5.0
Am Income A2	OT	OT	NA	11/11	HKD	145.78	NS	NS	NS
Am Income AT	OT	OT	NA	11/11	HKD	65.02	NS	NS	NS
Am Income AT	US	BD	LUX	11/11	USD	8.39	23.6	28.1	5.1
Am Income B	US	BD	LUX	11/11	USD	8.40	22.5	27.0	4.2
Am Income B2	US	BD	LUX	11/11	USD	16.23	22.9	27.1	4.3
Am Income B2	OT	OT	NA	11/11	HKD	125.78	NS	NS	NS
Am Income BT	OT	OT	NA	11/11	HKD	65.33	NS	NS	NS
Am Income BT	US	BD	LUX	11/11	USD	8.43	22.8	27.1	4.2
Am Income C	US	BD	LUX	11/11	USD	8.40	22.9	27.4	4.5
Am Income C2	US	BD	LUX	11/11	USD	24.12	23.1	27.4	4.6
Am Income I	US	BD	LUX	11/11	USD	8.40	24.0	28.8	5.7
Am Value A	US	EQ	LUX	11/11	USD	8.45	17.2	25.9	-14.0
Am Value B	US	EQ	LUX	11/11	USD	7.79	16.1	24.8	-14.8
Am Value C	US	EQ	LUX	11/11	USD	8.45	16.6	25.4	-14.4
Am Value I	US	EQ	LUX	11/11	USD	9.08	17.9	27.0	-13.3
Asian Technology A	OT	OT	LUX	11/11	USD	14.63	67.2	68.2	-5.9
Asian Technology B	OT	EQ	LUX	11/11	USD	12.81	65.7	66.4	-6.9
Asian Technology I	OT	EQ	LUX	11/11	USD	16.29	68.3	69.5	-5.2
Emg Mkts Debt A	GL	BD	LUX	11/11	USD	15.55	42.6	49.5	7.4
Emg Mkts Debt A2	GL	BD	LUX	11/11	USD	19.92	43.1	49.7	7.4
Emg Mkts Debt AT	GL	BD	LUX	11/11	USD	15.62	43.1	49.6	7.4
Emg Mkts Debt B	GL	BD	LUX	11/11	USD	15.55	41.5	48.1	6.3
Emg Mkts Debt B2	GL	BD	LUX	11/11	USD	19.21	41.9	48.1	6.4
Emg Mkts Debt BT	GL	BD	LUX	11/11	USD	15.60	41.8	48.1	6.3
Emg Mkts Debt C	GL	BD	LUX	11/11	USD	15.55	42.1	48.9	6.9
Emg Mkts Debt C2	GL	BD	LUX	11/11	USD	19.58	42.5	48.9	6.9
Emg Mkts Debt I	GL	BD	LUX	11/11	USD	15.55	43.2	50.2	7.9
Emg Mkts Growth A	GL	EQ	LUX	11/11	USD	33.55	67.4	65.8	-15.8
Emg Mkts Growth B	GL	EQ	LUX	11/11	USD	28.47	66.0	64.2	-16.6
Emg Mkts Growth C	GL	EQ	LUX	11/11	USD	29.10	66.8	65.2	-16.1
Emg Mkts Growth I	GL	EQ	LUX	11/11	USD	37.15	68.6	67.2	-15.1
Eur Growth A	OT	OT	LUX	11/11	USD	10.22	22.4	13.9	-20.1
Eur Growth A	OT	OT	LUX	11/11	EUR	6.82	22.4	13.9	-20.1
Eur Growth B	OT	OT	LUX	11/11	EUR	6.14	21.3	12.9	-20.9
Eur Growth B	OT	OT	LUX	11/11	USD	9.20	21.3	12.9	-20.9
Eur Growth C	EU	EQ	LUX	11/11	EUR	5.17	21.9	13.4	-20.5
Eur Growth I	OT	OT	LUX	11/11	USD	11.14	23.2	14.8	-19.4
Eur Growth I	OT	OT	LUX	11/11	EUR	7.43	23.2	14.8	-19.4
Eur Income A	OT	OT	LUX	11/11	EUR	6.62	38.5	30.7	2.8
Eur Income A	OT	OT	LUX	11/11	USD	9.92	38.5	30.7	2.8
Eur Income A2	OT	OT	LUX	11/11	EUR	12.79	38.9	30.6	2.8
Eur Income A2	OT	OT	LUX	11/11	USD	19.17	38.9	30.6	2.8
Eur Income AT	EU	BD	LUX	11/11	EUR	6.62	38.9	30.7	2.8
Eur Income B	OT	OT	LUX	11/11	EUR	6.62	37.8	29.8	2.1
Eur Income B	OT	OT	LUX	11/11	USD	9.92	37.8	29.8	2.1
Eur Income B2	OT	OT	LUX	11/11	EUR	11.91	38.0	29.7	2.0
Eur Income B2	OT	OT	LUX	11/11	USD	17.85	38.0	29.7	2.0
Eur Income BT	EU	BD	LUX	11/11	EUR	6.62	38.1	29.9	2.0
Eur Income C	OT	OT	LUX	11/11	EUR	6.62	38.1	30.1	2.3
Eur Income C	OT	OT	LUX	11/11	USD	9.92	38.1	30.1	2.3
Eur Income C2	OT	OT	LUX	11/11	EUR	12.76	38.4	30.1	2.3
Eur Income C2	OT	OT	LUX	11/11	USD	19.13	38.4	30.1	2.3
Eur Income I	OT	OT	LUX	11/11	EUR	6.62	39.1	31.4	3.4
Eur Income I	OT	OT	LUX	11/11	USD	9.92	39.1	31.4	3.4
Eur Strat Value A	OT	OT	LUX	11/11	EUR	8.31	19.4	11.8	-23.1
Eur Strat Value A	OT	OT	LUX	11/11	USD	12.46	19.4	11.8	-23.1
Eur Strat Value I	OT	OT	LUX	11/11	EUR	8.50	20.2	12.7	-22.4
Eur Strat Value I	OT	OT	LUX	11/11	USD	12.74	20.2	12.7	-22.4
Eur Value A	OT	OT	LUX	11/11	USD	13.36	22.4	15.4	-20.3
Eur Value A	OT	OT	LUX	11/11	EUR	8.91	22.4	15.4	-20.3
Eur Value B	OT	OT	LUX	11/11	EUR	8.21	21.3	14.3	-21.1
Eur Value B	OT	OT	LUX	11/11	USD	12.31	21.3	14.3	-21.1
Eur Value C	OT	OT	LUX	11/11	USD	12.92	21.8	14.8	-20.7
Eur Value C	OT	OT	LUX	11/11	EUR	8.62	21.8	14.8	-20.7
Eur Value I	OT	OT	LUX	11/11	EUR	15.41	23.1	16.3	-19.7
Eur Value I	OT	OT	LUX	11/11	USD	10.28	23.1	16.3	-19.7
Gl Balanced (Euro) A	OT	OT	LUX	11/11	USD	16.85	18.6	16.2	-12.2
Gl Balanced (Euro) B	OT	OT	LUX	11/11	USD	16.44	17.6	15.1	-13.0
Gl Balanced (Euro) C	OT	OT	LUX	11/11	USD	16.73	18.3	15.9	-12.4
Gl Balanced (Euro) I	OT	OT	LUX	11/11	USD	17.15	NS	NS	NS
Gl Balanced A	US	BA	LUX	11/11	USD	16.42	23.6	25.4	-11.1
Gl Balanced B	US	BA	LUX	11/11	USD	15.64	22.6	24.2	-11.9
Gl Balanced C	OT	OT	LUX	11/11	USD	16.18	23.2	25.0	-11.4
Gl Balanced C	OT	OT	LUX	11/11	EUR	10.79	23.2	25.0	-11.4
Gl Balanced I	US	BA	LUX	11/11	USD	17.01	24.3	26.3	-10.5
Gl Bond A	US	BD	LUX	11/11	USD	9.27	12.2	16.0	4.3
Gl Bond A2	US	BD	LUX	11/11	USD	15.98	12.5	16.0	4.3
Gl Bond A2	OT	OT	NA	11/11	HKD	123.85	12.5	16.0	4.3
Gl Bond AT	OT	OT	LUX	11/11	HKD	71.84	12.5	16.0	4.3
Gl Bond AT	US	BD	LUX	11/11	USD	9.27	12.5	16.0	4.3
Gl Bond B	US	BD	LUX	11/11	USD	9.27	11.3	14.8	3.3
Gl Bond B2	US	BD	LUX	11/11	USD	14.01	11.5	14.8	3.3
Gl Bond B2	OT	OT	NA	11/11	HKD	108.58	11.5	14.8	3.3
Gl Bond BT	OT	OT	LUX	11/11	HKD	72.08	11.4	14.8	3.3
Gl Bond BT	US	BD	LUX	11/11	USD	9.30	11.4	14.8	3.3
Gl Bond C	US	BD	LUX	11/11	USD	9.27	11.8	15.5	3.8
Gl Bond C2	US	BD	LUX	11/11	USD	13.88	12.0	15.6	3.8
Gl Bond I	US	BD	LUX	11/11	USD	9.27	12.8	16.6	4.9
Gl Conservative A	US	BA	LUX	11/11	USD	14.92	15.8	17.4	-4.3
Gl Conservative A2	US	BA	LUX	11/11	USD	16.88	15.8	17.4	-4.3
Gl Conservative B	US	BA	LUX	11/11	USD	14.90	14.9	16.3	-5.2
Gl Conservative B2	US	BA	LUX	11/11	USD	16.06	14.8	16.2	-5.2
Gl Conservative C	US	BA	LUX	11/11	USD	14.90	15.3	16.8	-4.7
Gl Conservative C2	US	BA	LUX	11/11	USD	16.52	15.4	16.9	-4.7
Gl Conservative I	US	BA	LUX	11/11	USD	14.99	16.6	18.5	-3.5
Gl Eq Blend A	GL	EQ	LUX	11/11	USD	11.61	29.9	30.3	-21.6
Gl Eq Blend B	GL	EQ	LUX	11/11	USD	10.91	28.8	29.0	-22.4
Gl Eq Blend C	GL	EQ	LUX	11/11	USD	11.41	29.4	29.7	-21.9
Gl Eq Blend I	GL	EQ	LUX	11/11	USD	12.23	30.8	31.4	-20.9
Gl Growth A	GL	EQ	LUX	11/11	USD	41.52	28.7	27.8	-22.3
Gl Growth B	GL	EQ	LUX	11/11	USD	34.71	27.7	26.5	-23.1
Gl Growth C	GL	EQ	LUX	11/11	USD	39.87	28.2	27.2	-22.7
Gl Growth I	GL	EQ	LUX	11/11	USD	46.05	29.6	28.8	-21.7
Gl High Yield A	US	BD	LUX	11/11	USD	4.25	55.5	50.5	2.4
Gl High Yield A2	US	BD	LUX	11/11	USD	8.98	55.9	50.2	2.3
Gl High Yield A2	OT	OT	NA	11/11	HKD	69.60	55.9	50.2	2.3
Gl High Yield AT	OT	OT	NA	11/11	HKD	32.63	56.1	50.1	2.3
Gl High Yield AT	US	BD	LUX	11/11	USD	4.21	56.1	50.1	2.3
Gl High Yield B	US	BD	LUX	11/11	USD	4.25	53.8	48.5	1.2
Gl High Yield B2	US	BD	LUX	11/11	USD	14.46	54.7	48.8	1.3
Gl High Yield B2	OT	OT	NA	11/11	HKD	112.07	54.7	48.8	1.3
Gl High Yield BT	OT	OT	NA	11/11	HKD	33.17	54.3	48.5	1.3
Gl High Yield BT	US	BD	LUX	11/11	USD	4.28	54.3	48.5	1.3
Gl High Yield C	US	BD	LUX	11/11	USD	4.25	54.8	49.6	1.9
Gl High Yield C2	US	BD	LUX	11/11	USD	13.32	55.4	49.7	1.9
Gl High Yield I	US	BD	LUX	11/11	USD	4.25	56.4	51.7	3.1
Gl Value A	GL	EQ	LUX	11/11	USD	11.14	31.2	32.9	-20.8
Gl Value B	GL	EQ	LUX	11/11	USD	10.24	29.9	31.6	-21.7
Gl Value C	GL	EQ	LUX	11/11	USD	10.83	30.6	32.4	-21.2
Gl Value I	GL	EQ	LUX	11/11	USD	11.83	32.0	34.0	-20.2
Greater China A	AS	EQ	LUX	11/11	USD	39.97	55.8	66.6	-17.9
Greater China B	AS	EQ	LUX	11/11	USD	35.42	54.5	65.0	-18.8
Greater China C	AS	EQ	LUX	11/11	USD	39.49	55.2	65.9	-18.3
India Growth A	OT	OT	LUX	11/11	USD	122.57	NS	NS	NS
India Growth AX	OT	OT	LUX	11/11	USD	107.10	85.4	83.2	-9.8
India Growth B	OT	OT	LUX	11/11	USD	128.58	NS	NS	NS
India Growth BX	OT	OT	LUX	11/11	USD	91.67	83.8	81.4	-10.7
India Growth I	EA	EQ	LUX	11/11	USD	110.91	86.1	83.9	-9.4
Int'l Health Care A	OT	EQ	LUX	11/11	USD	132.44	12.8	14.1	-9.7
Int'l Health Care B	OT	EQ	LUX	11/11	USD	111.86	11.8	12.9	-10.6
Int'l Health Care C	OT	EQ	LUX	11/11	USD	127.00	12.3	13.6	-10.1
Int'l Health Care I	OT	EQ	LUX	11/11	USD	144.54	13.6	15.0	-9.0
Int'l Technology A	OT	EQ	LUX	11/11	USD	104.38	42.7	42.8	-13.3
Int'l Technology B	OT	EQ	LUX	11/11	USD	90.57	41.5	41.4	-14.1
Int'l Technology C	OT	EQ	LUX	11/11	USD	100.94	42.1	42.2	-13.6
Int'l Technology I	OT	EQ	LUX	11/11	USD	116.91	43.7	44.0	-12.6
Japan Eq Blend A	JP	EQ	LUX	11/11	JPY	5685.00	5.9	4.8	-24.8
Japan Eq Blend B	JP	EQ	LUX	11/11	JPY	5493.00	5.0	3.8	-25.6
Japan Eq Blend C	JP	EQ	LUX	11/11	JPY	5598.00	5.5	4.3	-25.2
Japan Growth A	JP	EQ	LUX	11/11	JPY	5577.00	0.3	-2.0	-25.5
Japan Growth B	JP	EQ	LUX	11/11	JPY	5389.00	-0.6	-3.0	-26.3
Japan Growth C	JP	EQ	LUX	11/11	JPY	5491.00	-0.1	-2.4	-25.9
Japan Strat Value A	JP	EQ	LUX	11/11	JPY	5762.00	11.7	11.8	-24.5
Japan Strat Value B	JP	EQ	LUX	11/11	JPY	5573.00	10.8	10.7	-25.3
Japan Strat Value C	JP	EQ	LUX	11/11	JPY	5670.00	11.3	11.3	-24.8
Real Estate Sec. A	OT	EQ	LUX	11/11	USD	14.06	31.8	38.8	-17.9
Real Estate Sec. B	OT	EQ	LUX	11/11	USD	12.87	30.7	37.5	-18.7
Real Estate Sec. I	OT	EQ	LUX	11/11	USD	15.10	32.7	39.9	-17.2
Short Mat Dollar A	US	BD	LUX	11/11	USD	7.21	10.2	4.9	-7.2
Short Mat Dollar A2	US	BD	LUX	11/11	USD	9.67	10.4	4.9	-7.2
Short Mat Dollar AT	US	BD	LUX	11/11	USD	7.21	10.5	5.0	-7.2
Short Mat Dollar B	US	BD	LUX	11/11	USD	7.21	9.7	4.5	-7.6
Short Mat Dollar B2	US	BD	LUX	11/11	USD	9.63	9.9	4.4	-7.6
Short Mat Dollar BT	OT	OT	LUX	11/11	USD	7.22	9.2	3.8	-7.9
Short Mat Dollar C	US	BD	LUX	11/11	USD	7.21	9.7	4.5	-7.6
Short Mat Dollar C2	US	BD	LUX	11/11	USD	13.62	10.0	4.4	-7.6
Short Mat Dollar I	US	BD	LUX	11/11	USD	7.21	10.7	5.5	-6.7

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FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	—%RETURN— YTD	12-MO	2-YR
Alexandra Convertible Bond Fund I, Ltd. (Class A)	OT	OT	VGB	09/30	USD	1588.41	64.0	59.5	NS

■ CREDIT PACIFIC ASSET MANAGMENT
www.creditpacific.com

FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	—%RETURN— YTD	12-MO	2-YR
CPS-Master Priv Fund	GL	OT	WSM	11/09	USD	116.20	16.2	20.2	9.1

PLATINUM CAPITAL MANAGEMENT

■ PLATINUM CAPITAL MANAGEMENT
Tel: +44 207 024 9840, www.platinumfunds.net

FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	—%RETURN— YTD	12-MO	2-YR
Platinm-All Star	OT	OT	CYM	09/30	USD	94.24	9.9	-19.7	-12.3
Platinm-All Weather	OT	OT	USA	10/31	USD	129.92	2.4	3.2	3.8
Platinm-Dynasty	OT	OT	USA	08/31	USD	105.38	2.5	-9.3	-26.1
Platinm-Emancipation	OT	OT	USA	09/30	USD	96.83	29.4	0.4	-7.7
Platinm-Equity Plus	OT	OT	USA	05/29	USD	35.02	-18.2	-63.7	-45.6
Platinm-Gbl Dividend	OT	OT	CYM	08/31	USD	57.57	22.9	-31.2	-32.7
Platinm-Nordic	OT	OT	CYM	09/30	SEK	591.49	8.4	-6.2	-19.0
Platinm-Premier	OT	OT	CYM	12/31	USD	21.20	-55.9	-66.0	-44.3
Platinm-Turnberry	OT	OT	USA	09/30	USD	55.93	NS	8.3	-39.0

SUPERFUND

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FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	—%RETURN— YTD	12-MO	2-YR
Superfund Cayman*	OT	OT	CYM	11/10	USD	44.95	-51.4	-45.5	-9.9
Superfund GCT USD*	GL	EQ	LUX	11/10	USD	2363.00	-40.8	-37.8	-7.4
Superfund Green Gold A (SPC)	OT	OT	CYM	11/10	USD	1030.45	-17.2	4.0	5.7
Superfund Green Gold B (SPC)	OT	OT	CYM	11/10	USD	1026.40	-30.6	-11.3	0.8
Superfund Q-AG*	OT	OT	AUT	11/10	EUR	6792.00	-27.2	-24.1	-1.9

■ WINTON CAPITAL MANAGEMENT LTD
Tel: +44 (0)20 7610 5350 Fax: +44 (0)20 7610 5301

FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	—%RETURN— YTD	12-MO	2-YR
Winton Evolution EUR Cls H	OT	OT	CYM	10/30	EUR	939.64	NS	NS	NS
Winton Evolution GBP Cls G	OT	OT	CYM	10/30	GBP	943.02	NS	NS	NS
Winton Evolution USD Cls F	OT	OT	CYM	10/30	USD	1189.62	-6.2	-1.5	3.1
Winton Futures EUR Cls C	OT	OT	VGB	10/30	EUR	192.39	-6.5	0.0	7.8
Winton Futures GBP Cls D	OT	OT	VGB	10/30	GBP	207.72	-6.4	0.6	8.9
Winton Futures JPY Cls E	OT	OT	VGB	10/30	JPY	13589.60	-7.9	-1.6	4.9
Winton Futures USD Cls B	OT	OT	VGB	10/30	USD	682.02	-7.0	-0.3	7.5

Allianz Global Investors

■ ALLIANZ GLOBAL INVESTORS KAPITALANLAGEGESELLSCHAFT

FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	—%RETURN— YTD	12-MO	2-YR
Concentra AE	EU	EQ	DEU	11/12	EUR	49.79	28.0	29.3	-14.1

For information about listing your funds, please contact: Carson Wong tel: +852 2831-6481; email: carson.wong@dowjones.com or Peter Jennings, tel: +44-20-7842-9674; email: peter.jennings@dowjones.com

THE INTERNATIONAL INVESTOR

Stocks fall into red as crude oil slides

Chevron, Exxon decline; 3Com surges

By Donna Kardos Yesalavich

Stocks moved to their lowest point of the session near midday Thursday as crude-oil futures extended their declines, pulling the energy sector down further, while the dollar continued to climb.

ABREAST OF THE MARKET

At noon, the Dow Jones Industrial Average was down 52 points, or 0.5%, to 10238. **Cisco** led the decliners, off 2.5% as **Hewlett-Packard**'s acquisition of 3Com is expected to help it better compete against Cisco.

Energy components **Chevron** and **Exxon Mobil** also weighed on the Dow, with Chevron dropping 1.2% and Exxon down 0.9%, as crude-oil futures slid below $78. The declines were held in check by a 1% rise in **Wal-Mart**, as the discount giant's latest quarterly earnings topped the company's forecast.

The Standard & Poor's 500 was down 0.6% at 1091.69, with declines in every one of its sectors, led by energy and financial companies. The technology-heavy Nasdaq Composite slid 0.3% to 2159.49.

Among stocks in focus, 3Com surged 32% after Hewlett-Packard said it will acquire the networking-equipment maker in a deal worth $2.7 billion. The deal values 3Com at a 39% premium to Wednesday's closing price. H-P's shares slipped 0.6%.

European markets

Shares shrugged off weakness in Asia and on Wall Street, holding small gains after BT Group, Peugeot and Vopak upgraded guidance and deal speculation fueled a steep climb for several airline stocks.

The Dow Jones Stoxx 600 index rose 0.2% to close at 246.61. In national markets, the French CAC-40 index slipped 0.2% to settle at 3808.07, while the U.K.'s FTSE 100 index gained 0.2% to 5276.50. The German DAX index edged down 0.1% to 5663.96.

BT Group climbed 3.7% after it reported better-than-expected profit for its fiscal second quarter on Thursday as it also stepped up cost-cutting plans and lifted its revenue outlook.

French auto maker PSA Peugeot Citroen rose 0.4% after it revised its full-year financial forecast higher.

Tank-terminal operator Vopak gained 5% after it raised earnings guidance for the second time this year.

Iberia jumped 12% and British Airways rose 7.5% amid speculation they are close to a merger deal.

—Peter A. McKay
—contributed to this article.

Dollar climbs as euro hits a wall at $1.50

By Bradley Davis

The dollar broadly strengthened Thursday despite stronger-than-expected jobs data in the U.S., as the euro hit technical resistance around the $1.50 level.

The dollar also climbed to its highest level in nearly a week against the yen.

CURRENCY MARKETS

In midday New York trading, the euro was at $1.4865 from $1.4982 late Wednesday. The dollar was at 90.42 yen from 89.81 yen, while the euro was at 134.41 yen from 134.58 yen. The U.K. pound was at $1.6555 from $1.6565. The dollar was at 1.0158 Swiss francs, from 1.0082 francs.

Investors are "disenchanted with euro optimism and they're lightening up" on some euro positions, said Andrew Wilkinson, senior market analyst at Interactive Brokers in Greenwich, Conn.

The euro had gained against the dollar earlier Thursday after the release of better-than-expected weekly U.S. jobless claims.

Improving economic data generally support the euro and other higher-yielding currencies, but because of technical resistance the euro has hit as it has tried to push beyond $1.50, the common currency is likely to remain stuck within recent ranges until more substantial data come forward, some analysts said.

Shippers lead a decline in Tokyo as region slides

By V. Phani Kumar And Shri Navaratnam

Tokyo stocks declined for the first time in five sessions Thursday, along with most other Asian markets, as speculative selling in Nikkei futures, along with shipper Nippon Yusen's capital-raising plan, combined to weaken market sentiment.

ASIAN-PACIFIC STOCKS

Japan's Nikkei Stock Average of 225 companies slipped 0.7% to 9804.49.

"Uncertainties over the Japanese government's economic policies are weighing on market sentiment....If it cuts public works spending, for example, that would be a negative for many industries," Daiwa Securities SMBC market analyst Yumi Nishimura said.

Nippon Yusen K.K. lost 4% on equity-dilution concerns over its capital-raising plans and other shippers lost heavily, too. **Kawasaki Kisen Kaisha** slumped 6.1% and **Mitsui O.S.K. Lines** slipped 1.5%.

Japanese auto makers advanced after Goldman Sachs said it was more bullish on **Honda Motor** and **Fuji Heavy Industries**, owing to expected earnings improvement. It also lifted **Yamaha Motor** to "neutral" from "sell," saying the negative forces have "mostly played out."

Honda rose 1.8%, Fuji Heavy jumped 4.4%, Yamaha added 2.6% and **Toyota Motor**gained 2.6%.

In Seoul, South Korea's Kospi lost 1.4% to 1572.73, although **Hyosung** jumped 15% after the company decided to drop its bid for a majority stake in **Hynix Semiconductor** because of unfavorable market response. Hynix shares lost 1.8%.

Earlier in the day, the Bank of Korea left its benchmark interest rate unchanged at 2%.

In Hong Kong, the Hang Seng Index gave up 1% to 22397.57 a day after setting a 15-month high.

Bank of East Asia rose 2.1%, extending its 15% gain from Wednesday, amid continued speculation that investment firm **Guoco Group** may be seeking a controlling stake in the midsize lender. All seven stocks in the MSCI China Index rose. BBMG rose 1.3% and **Golden Eagle Retail Group** climbed 6%.

Strong Australian October jobs data and a weakened U.S. dollar helped lift commodity stocks in Sydney, where **BHP Billiton** rose 1.2%, **Rio Tinto** added 1.8% and **Sino Gold Mining** gained 1.3%. But **Bluescope Steel** sank 4.6% after Chairman Graham Kraehe said a small fiscal first-half loss was likely and warned that the steelmaker was unlikely to pay an interim dividend.

In Mumbai, banks slumped as investors cashed in on profits following the recent rally. **State Bank of India** fell 3.5% and **ICICI Bank** shed 3.2%. Data showed the nation's industrial production rose 9.1% in September from a year earlier. That was far above the 7% rise forecast by economists.

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FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	YTD	12-MO	2-YR
Industria AE	EU	EQ	DEU	11/12	EUR	68.70	32.0	19.8	-18.8
InternRent AE	EU	BD	DEU	11/12	EUR	35.81	1.5	0.0	8.4

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CAM-GTF Limited	AS	EQ	MUS	10/30	USD	242595.40	79.8	86.9	-5.3

GAM

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George's Court, 54-62 Townsend Street, Dublin 2, Ireland
Tel +353 1 609 3927 Fax +353 1 611 7941, Internet: www.gam.com

GAM Arbitrage Op	OT	OT	VGB	11/06	USD	1244.26	22.8	3.9	-9.8
GAM Asia Eq Hdg JPY Op	GL	EQ	VGB	11/09	JPY	14431.32	53.9	56.9	NS
GAM Asia Equity Hedge US	OT	OT	VGB	11/09	USD	272.34	56.0	59.4	-4.0
GAM Asia Equity USD	OT	OT	VGB	11/11	USD	629.34	56.8	66.2	-18.0
GAM Asia-Pacific Eq USD	OT	OT	VGB	11/10	USD	1259.42	17.2	13.2	-17.7
GAM Com Glb Bal EUR Op	US	BA	VGB	10/30	EUR	91.40	13.0	12.5	-11.8
GAM Com Glb Bal USD Op	US	BA	VGB	10/30	USD	125.35	13.0	12.5	-11.8
GAM Comp Glb Eq EUR Op	GL	EQ	VGB	10/30	EUR	91.83	17.2	14.8	-20.1
GAM Comp Glb Eq USD Op	GL	EQ	VGB	10/30	USD	122.42	17.2	14.8	-20.1
GAM Comp Glb Gr EUR Op	US	BA	VGB	10/30	EUR	81.69	12.3	11.1	-16.6
GAM Comp Glb Gr USD Op	US	BA	VGB	10/30	USD	123.45	12.3	11.1	-16.6
GAM CompAbsRT EUR Op	OT	OT	VGB	09/30	EUR	141.71	9.1	0.1	-6.9
GAM CompAbsRT SGD Op	OT	OT	VGB	09/30	SGD	102.21	9.2	-0.1	-8.3
GAM CompAbsRT USD Op	OT	OT	VGB	09/30	USD	845.66	9.5	0.7	-7.0
GAM Cptal Apprec Eq Inc	US	EQ	VGB	11/06	USD	235.36	29.2	24.3	-16.3
GAM Cross Trading Inc	OT	OT	VGB	10/30	USD	464.60	6.2	8.0	6.5
GAM Diversity CHF Op	OT	OT	VGB	10/30	CHF	93.41	3.2	-0.1	-8.3
GAM Diversity EUR Op	OT	OT	VGB	10/30	EUR	641.98	4.0	1.1	-6.7
GAM Diversity USD 2.5XL	OT	OT	VGB	10/30	USD	76.73	6.4	-2.6	-22.6
GAM Diversity USD Op	OT	OT	VGB	10/30	USD	674.18	4.0	0.8	-7.2
GAM Dvrsty II CHF Op	OT	OT	VGB	10/30	CHF	98.82	3.3	-0.2	-7.8
GAM Dvrsty II EUR Op	OT	OT	VGB	10/30	EUR	137.72	3.8	0.5	-6.7
GAM Dvrsty II USD Op	OT	OT	VGB	10/30	USD	208.63	3.8	0.4	-6.9
GAM DvrstyIII EUR Op	OT	OT	VGB	10/30	EUR	114.70	3.8	0.5	-6.8
GAM DvrstyIII USD Op	OT	OT	VGB	10/30	USD	121.09	3.8	0.4	-6.9
GAM Euro Eq Hdg EUR Op	EU	EQ	VGB	11/09	EUR	212.47	7.7	3.5	-7.3
GAM Euro Eq Hdg USD Op	OT	OT	VGB	11/09	USD	197.77	8.6	5.3	-5.7
GAM European Equity USD	OT	OT	VGB	11/10	USD	302.41	28.6	29.6	-13.6
GAM GAMCO	OT	EQ	VGB	11/10	USD	793.61	36.8	24.0	-14.4
GAM Gb EmMkts Hdg EUROp	OT	OT	VGB	10/30	EUR	97.64	13.2	7.3	-17.5
GAM Gb EmMkts Hdg USDOp	OT	OT	VGB	11/09	USD	104.63	15.6	9.6	-15.6
GAM Gbl Divers USD Inc.	GL	EQ	VGB	11/09	USD	249.29	22.1	24.4	-10.8
GAM Grtr China Eq Hdg Op	GL	EQ	VGB	10/30	USD	261.34	83.0	103.9	5.6
GAM Intrst Trend II	GL	BD	VGB	11/09	USD	96.00	45.3	42.9	-13.1
GAM Intrst Trend Inc	OT	OT	VGB	11/09	USD	252.35	58.4	60.0	-10.7
GAM Japan Eq Hdg EUR Op	AS	EQ	VGB	11/09	EUR	114.98	7.7	3.2	-11.1
GAM Japan Eq Hdg USD Op	OT	OT	VGB	11/09	USD	120.60	7.2	4.1	NS
GAM Japan Eq Hdg YEN Open	AS	EQ	VGB	10/30	JPY	8507.22	10.3	7.0	-22.3
GAM Japan USD	JP	EQ	VGB	11/11	USD	1077.09	4.1	7.3	-17.6
GAM Japan YEN	JP	EQ	VGB	11/11	JPY	8487.35	5.9	2.8	-24.3
GAM Money Mkt EuroOp	EU	MM	VGB	11/10	EUR	51.20	0.1	0.3	1.9
GAM Money Mkt USD	US	MM	VGB	11/10	USD	99.98	0.0	0.0	1.1
GAM Multi-Arb EUR Op	OT	OT	VGB	10/30	EUR	113.06	0.9	-4.5	-9.2
GAM Multi-Arb USD Op	OT	OT	VGB	10/30	USD	118.02	1.1	-4.5	-9.4
GAM Multi-China EUR Op	OT	OT	VGB	10/30	EUR	159.17	7.2	8.0	-15.9
GAM Multi-China USD Op	OT	OT	VGB	10/30	USD	167.40	7.8	8.4	4.1
GAM Multi-Emer Mkts GBP	OT	OT	VGB	10/30	GBP	127.90	22.3	18.7	-4.8
GAM Multi-Emer Mkts USD	OT	OT	VGB	10/30	USD	633.57	22.3	18.5	-5.2
GAM Multi-Eur EUR Op	OT	OT	VGB	10/30	EUR	265.40	5.7	5.2	-12.9
GAM Multi-Eur II EUR Op	OT	OT	VGB	10/30	EUR	136.56	5.7	5.1	-13.0
GAM Multi-Eur II USD Op	OT	OT	VGB	10/30	USD	111.73	5.4	4.5	-14.1
GAM Multi-Eur USD Op	OT	OT	VGB	10/30	USD	462.12	5.5	4.6	-13.9
GAM Multi-Nth Am EUR Special	OT	OT	VGB	10/30	EUR	132.61	11.3	12.2	-4.8
GAM Multi-Nth Am USD Special	OT	OT	VGB	10/30	USD	216.07	11.7	10.2	-4.9
GAM Multi-Pac EUR Op	GL	EQ	VGB	10/30	EUR	140.15	2.8	2.6	-6.7
GAM Multi-Pac USD Op	OT	OT	VGB	10/30	USD	161.81	2.9	2.7	-7.0
GAM Portable Dvr/S&P500	OT	OT	VGB	08/24	USD	70.11	17.7	-27.7	-22.9
GAM Selection Hdg	US	EQ	VGB	11/06	USD	2499.87	60.7	53.3	6.4
GAM Sing/Malaysia	AS	EQ	VGB	11/11	USD	2451.78	47.6	47.0	-14.1
GAM Sterling Spe Bd Inc	OT	OT	VGB	11/09	GBP	238.87	38.3	38.0	0.9
GAM Trading EUR Inc	OT	OT	VGB	10/30	EUR	324.25	6.1	8.2	7.0
GAM Trading USD Inc	OT	OT	VGB	10/30	USD	970.27	6.2	8.1	6.5
GAM Trdg II IncEUR Op	OT	OT	VGB	10/30	EUR	138.73	6.0	8.1	6.9
GAM Trdg II IncUSD Op	OT	OT	VGB	10/30	USD	315.05	6.2	8.1	6.5
GAM Trdg IV IncEUR Op	OT	OT	VGB	10/30	EUR	146.35	5.7	7.8	6.7
GAM Trdg IV IncUSD Op	OT	OT	VGB	10/30	USD	154.08	6.0	7.8	6.4
GAM Trdg V IncEUR Op	OT	OT	VGB	10/30	EUR	124.10	5.8	7.8	6.7
GAM Trdg V IncUSD Op	OT	OT	VGB	10/30	USD	129.23	5.9	7.8	6.3
GAM TrdgIII IncEUR Op	OT	OT	VGB	10/30	EUR	156.51	5.8	7.9	6.7
GAM TrdgIII IncUSD Op	OT	OT	VGB	10/30	USD	162.05	6.0	7.9	6.4
GAM USDSpecBondInc	US	BD	VGB	11/09	USD	517.18	70.1	72.0	3.5
GAM Worldwide	GL	EQ	VGB	11/10	USD	2246.72	25.4	27.2	-10.8
GAMut Investments	OT	OT	VGB	11/04	USD	7565.58	4.2	9.3	7.3

■ **GAM Star Fund Plc**

GAMStar-AsEqCHF Ord Ac	AS	EQ	IRL	11/10	CHF	10.23	44.5	33.0	-22.6
GAMStar-AsEqEUR Ord Ac	AS	EQ	IRL	11/10	EUR	10.84	45.0	34.6	-18.5
GAMStar-AsEqGBP Ord Ac	AS	EQ	IRL	11/10	GBP	1.44	36.1	47.7	-7.8
GAMStar-AsEqUSD Ord Ac	AS	EQ	IRL	11/10	USD	12.78	55.8	58.5	-17.3
GAMStar-AsPacEqEUR Acc	AS	EQ	IRL	11/10	EUR	96.18	13.8	1.5	-16.7
GAMStar-AsPacEqEUR Inc	AS	EQ	IRL	11/10	EUR	93.08	13.8	1.5	-16.7
GAMStar-ContEurEqEUR Ac	EU	EQ	IRL	11/10	EUR	10.55	19.9	12.3	-12.9
GAMStar-EurpEqEUR Acc	EU	EQ	IRL	11/10	EUR	177.65	21.3	11.7	-15.0
GAMStar-EurpEqEUR Inc	EU	EQ	IRL	11/10	EUR	162.33	21.3	11.6	-15.0
GAMStar-EurpEqUSD Acc	EU	EQ	IRL	11/10	USD	16.23	30.1	31.3	-13.8
GAMStar-EurpEqUSD Inc	EU	EQ	IRL	11/10	USD	14.72	30.0	31.2	-13.8
GAMStar-FrontierOppUSD Acc	GL	EQ	IRL	11/10	USD	5.94	26.2	8.6	NS
GAMStar-JpnEq EUR Acc	JP	EQ	IRL	11/10	EUR	84.36	3.6	-3.8	-15.3
GAMStar-JpnEq EUR Inc	JP	EQ	IRL	11/10	EUR	84.36	3.6	-3.8	-15.3
GAMStar-JpnEq JPY Acc	JP	EQ	IRL	11/10	JPY	888.17	5.9	-0.1	-24.1
GAMStar-JpnEq USD Acc	JP	EQ	IRL	11/10	USD	10.90	3.5	4.1	-17.6
GAMStar-World EqUSD Acc	GL	EQ	IRL	11/10	USD	2223.86	26.3	28.2	-10.4

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EFG-Hermes Egypt	GL	EQ	BMU	10/28	USD	44.42	28.5	NS	NS
EFG-Hermes MEDA*	GL	EQ	BMU	09/30	USD	24.16	15.3	-17.3	-10.4
EFG-Hermes Saudi Arabia Equity	EA	EQ	SAU	10/27	SAR	6.27	32.3	11.2	NS
EFG-Hermes Telecom	OT	EQ	BMU	09/30	USD	29.73	16.0	-0.1	-8.2

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LG Antenna	GL	EQ	BMU	11/06	USD	57.09	67.2	69.1	-14.0
LG Asian Plus	AS	EQ	CYM	11/06	USD	54.16	43.3	41.3	-24.1
LG AsianSmallerCo's	AS	EQ	BMU	11/10	USD	91.60	66.1	73.5	-25.0
LG India	EA	EQ	MUS	11/05	USD	57.60	80.5	83.7	-18.9

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American Growth	US	EQ	LUX	11/12	USD	14.83	23.1	19.8	-14.6
American Growth AA	US	EQ	LUX	11/12	USD	0.85	22.8	20.4	NS
Asian Equity	AS	EQ	LUX	11/12	USD	2.40	58.9	62.8	-13.8
Asian Equity AA	AS	EQ	LUX	11/12	USD	0.77	59.4	63.2	NS
Asian Sm Cap Equity AA	AS	EQ	LUX	11/12	USD	1.10	81.0	89.1	-11.2
China Value A	AS	EQ	LUX	11/12	USD	7.00	59.2	72.3	-11.0
China Value AA	AS	EQ	LUX	11/12	USD	2.20	58.8	71.8	-11.2
Dragon Growth	AS	EQ	LUX	11/12	USD	1.64	65.9	72.3	-11.8
Dragon Growth AA	OT	OT	LUX	11/12	HKD	7.96	67.3	72.7	NS
Emg Eastrn Europe A	EU	EQ	LUX	11/12	USD	4.62	97.7	82.7	-17.9
Emg Eastrn Europe AA	EU	EQ	LUX	11/12	USD	1.99	97.0	82.0	-18.1
European Growth	EU	EQ	LUX	11/12	USD	9.16	42.5	43.3	-18.6
European Growth AA	EU	EQ	LUX	11/12	USD	0.65	42.4	43.1	NS
Global Contrarain AA	GL	EQ	LUX	11/11	USD	0.87	80.0	78.5	NS
Global Property AA	OT	EQ	LUX	11/12	USD	0.66	39.9	40.1	-19.4
Global Resources AA	OT	EQ	LUX	11/12	USD	1.09	54.2	69.7	-14.4
Healthcare AA	OT	EQ	LUX	11/11	USD	0.90	9.1	9.6	NS
India Equity AA	EA	EQ	LUX	11/12	USD	1.04	74.9	70.1	-17.0
International Growth	GL	EQ	LUX	11/12	USD	3.04	22.0	21.1	-16.3
International Growth AA	GL	EQ	LUX	11/12	USD	0.71	21.6	20.7	NS
Japanese Growth	JP	EQ	LUX	11/12	USD	2.67	3.4	7.1	-16.8
Japanese Growth AA	JP	EQ	LUX	11/12	USD	0.70	3.2	6.9	NS
Latin America Equity AA	GL	EQ	LUX	11/12	USD	1.26	98.2	93.4	-7.2
MGF Asia Value Dividend Equity Fund	OT	OT	Lux	11/11	USD	1.10	NS	NS	NS
Russia Equity AA	EE	EQ	LUX	11/12	USD	0.64	138.2	95.8	NS
Taiwan Equity AA	AS	EQ	LUX	11/12	USD	1.02	69.9	74.5	-5.8
Turkey Equity AA	EE	EQ	LUX	11/12	USD	0.72	97.6	109.2	NS
U.S. Bond AA	US	BD	LUX	11/12	USD	1.10	13.1	16.2	5.6
U.S. High Yield Bond AA	US	BD	LUX	11/12	USD	0.72	53.8	37.3	-9.7
U.S. Sm Cap Equity AA	US	EQ	LUX	11/12	USD	0.79	63.5	47.3	-17.4
U.S. Tsy Inf-ProtSec AA	OT	BD	LUX	11/12	USD	1.15	7.6	13.1	3.7

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Indonesian Grth Fund	EA	EQ	CYM	11/04	USD	116.28	101.6	156.9	-6.6

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Asia Value Formula Fd-B	AS	EQ	CYM	11/11	USD	7.77	81.1	84.6	-9.6

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Bonds Eur Hi Yld A	EU	BD	LUX	11/10	EUR	20.22	52.1	39.5	-3.3
Bonds EURO A	EU	BD	LUX	11/11	EUR	41.24	4.4	8.0	5.2
Bonds EUROPE A	EU	BD	LUX	11/11	EUR	39.27	3.7	6.4	4.2
Bonds US OppsCoreplus A	US	BD	LUX	11/10	USD	36.92	17.1	20.0	9.1
Bonds World A	GL	BD	LUX	11/11	USD	43.58	9.3	18.5	7.6
Eq. China A	AS	EQ	LUX	11/11	USD	23.82	59.4	73.3	-18.6
Eq. ConcentratedEuropeA	EU	EQ	LUX	11/11	EUR	26.18	26.6	19.8	-20.0
Eq. Eastern Europe A	EU	EQ	LUX	11/11	EUR	22.56	70.3	27.2	-28.7
Eq. Euroland A	EU	EQ	LUX	11/11	EUR	10.46	13.4	6.9	-22.9
Eq. EurolandCycIclsA	EU	EQ	LUX	11/11	EUR	17.10	23.8	20.2	-18.6
Eq. EurolandFinancialA	OT	EQ	LUX	11/11	EUR	11.96	39.8	17.8	-20.3
Eq. Glbl Emg Cty A	GL	EQ	LUX	11/11	USD	9.68	60.4	57.8	-17.7
Eq. Global A	GL	EQ	LUX	11/11	USD	27.72	31.1	28.3	-15.7
Eq. Global Energy A	OT	EQ	LUX	11/10	USD	18.31	28.4	21.1	-15.6
Eq. Global Technol A	OT	OT	LUX	04/24	USD	4.46	22.1	-29.7	-21.6
Eq. Gold Mines A	OT	EQ	LUX	11/11	USD	31.77	50.3	109.5	-3.2
Eq. Pacific A	AS	EQ	LUX	11/11	USD	10.29	61.1	61.9	-16.1
Eq. US Lg Cap Gr A	US	EQ	LUX	11/11	USD	14.95	38.3	28.6	-12.8
Eq. US Rel Val A	US	EQ	LUX	11/10	USD	20.20	30.1	26.9	-16.6
Eq. US Sm Cap Val A	US	EQ	LUX	11/11	USD	15.19	16.0	10.8	-23.3
Money Market EURO A	EU	MM	LUX	11/10	EUR	27.38	0.9	1.5	2.9
Money Market USD A	US	MM	LUX	11/10	USD	15.83	0.5	0.8	2.0

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TNI Mena Real Estate Fund	OT	OT	BMU	11/05	USD	1039.23	10.5	-3.8	-20.6
TNI MENA Special Sits Fund	OT	OT	BMU	10/29	USD	1139.93	17.4	NS	NS
TNI UAE Blue Chip Fund	OT	OT	ARE	11/05	AED	6.16	34.2	-9.4	-24.2

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Intel-Chin MainInd Foc	AS	EQ	CYM	10/30	USD	27.48	71.3	87.2	-7.5
Intel-China Converg*	AS	EQ	CYM	10/30	USD	105.19	72.6	90.7	-10.8
VP Classic - A	AS	EQ	CYM	11/11	USD	181.51	78.1	90.2	-7.2
VP Classic - B	AS	EQ	CYM	11/11	USD	84.66	77.3	89.2	-7.7
VP High Dividend Stk	AS	EQ	CYM	11/09	USD	43.57	75.3	87.6	-5.2

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YMR-N Series									
YMR-N Growth Fund	OT	OT	IRL	11/11	JPY	8977.00	4.3	0.7	-29.9
YMR-N Small Cap Fund	OT	OT	IRL	11/11	JPY	6979.00	8.7	11.7	-28.3
Yuki 77 Series									
Yuki 77 General	JP	EQ	IRL	11/12	JPY	5921.00	0.3	-2.8	-29.4
Yuki 77 Growth	JP	EQ	IRL	11/12	JPY	5590.00	-5.5	-9.4	-34.6
Yuki Chugoku Series									
Yuki Chugoku Jpn Gen	JP	EQ	IRL	11/12	JPY	6474.00	3.8	0.4	-27.0
Yuki Chugoku JpnLowP	JP	EQ	IRL	11/12	JPY	7525.00	-8.1	-6.7	-25.4
Yuki Hokuyo Japan Series									
Yuki Hokuyo Jpn Gen	JP	EQ	IRL	11/12	JPY	4422.00	-2.8	-6.4	-30.2
Yuki Hokuyo Jpn Inc	JP	EQ	IRL	11/12	JPY	5012.00	-5.1	-6.4	-23.8
Yuki Hokuyo Jpn Sm Cap	JP	EQ	IRL	11/12	JPY	5030.00	6.9	10.3	-25.6
Yuki Mizuho Series									
Yuki Mizuho Gen Jpn III	OT	OT	IRL	11/12	JPY	4161.00	-2.1	-7.8	-33.4
Yuki Mizuho Jpn Dyn Gro	OT	OT	IRL	11/12	JPY	4546.00	1.2	-5.8	-33.0
Yuki Mizuho Jpn Exc 100	OT	OT	IRL	11/12	JPY	6507.00	6.7	1.4	-28.3
Yuki Mizuho Jpn Gen	OT	OT	IRL	11/12	JPY	8206.00	2.3	-0.4	-28.8
Yuki Mizuho Jpn Gro	OT	OT	IRL	11/12	JPY	6125.00	-2.0	-2.8	-31.6
Yuki Mizuho Jpn Inc	OT	OT	IRL	11/12	JPY	7199.00	-9.5	-11.1	-26.7
Yuki Mizuho Jpn Lg Cap	OT	OT	IRL	11/12	JPY	4942.00	-0.8	-4.4	-28.4
Yuki Mizuho Jpn LowP	OT	OT	IRL	11/12	JPY	11381.00	0.4	3.5	-21.7
Yuki Mizuho Jpn PGth	OT	OT	IRL	11/12	JPY	7742.00	1.3	-2.3	-32.5
Yuki Mizuho Jpn SmCp	OT	OT	IRL	11/12	JPY	7009.00	14.3	15.4	-27.6
Yuki Mizuho Jpn Val Sel	OT	OT	IRL	11/12	JPY	5506.00	6.0	6.4	-24.3
Yuki Mizuho Jpn YoungCo	OT	OT	IRL	11/12	JPY	2822.00	18.2	10.5	-32.1
Yuki Shizuoka Japan Series									
Yuki Shizuoka General Japan	JP	EQ	IRL	11/12	JPY	5160.00	1.2	-1.8	-30.1

For information about listing your funds, please contact: Carson Wong tel: +852 2831-6481; email: carson.wong@dowjones.com or Peter Jennings, tel: +44-20-7842-9674; email: peter.jennings@dowjones.com

BLUE CHIPS & BONDS

Major players & benchmarks

At right, a look at the Asia Titans, the biggest and best known companies in Asia. Below, some of the Dow Jones Titans indexes of biggest and most liquid stocks in individual countries and regions

Giants around the world

In U.S.-dollar terms.

Dow Jones Country Titans

	INDEX PERFORMANCE		
	Previous session	Year-to-date	52-week
Brazil	-0.03%	**103.4%**	117.2%
Russia	-0.88	**93.3**	98.3
China 88	-0.03	**81.0**	71.4
Turkey	0.12	**77.5**	90.4
Singapore	-0.50	**56.2**	56.6
Hong Kong	-1.03	**52.1**	69.3
Sweden	1.04	**52.0**	58.2
South Korea	-1.85	**43.3**	46.3
Netherlands	0.43	**37.1**	33.9
Australia	-0.28	**28.1**	28.7
Canada	0.06	**26.7**	21.8
Switzerland	-0.11	**23.2**	22.3
Italy	0.49	**22.7**	16.3
France	0.47	**19.6**	18.5
South Africa	-0.09	**19.2**	38.5
U.K.	0.59	**18.8**	26.4
Spain	0.43	**17.2**	22.9
Germany	0.70	**13.4**	16.4
Japan	-0.05	**2.0**	3.0

Dow Jones Regional Sector Titans

Basic Res	0.08%	**76.0%**	92.8%
Tiger 50*	-1.02	**55.3**	68.1
Fincl Svcs	-0.08	**50.9**	49.4
EU Enlarged†-p	1.38	**40.1**	32.2
Nordic 30 -p	1.16	**38.9**	32.4
Asian 50	-0.38	**29.5**	38.8
Global 50	-0.10	**19.9**	20.9
Stoxx 50 -p	0.19	**19.7**	16.7
Euro Stoxx 50 -p	0.86	**17.7**	20.0
Arab 50	-1.16	**9.0**	6.2

*Asia excluding Japan †15 companies from the new EU countries; Cyprus, CzechRepublic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia and Slovenia.

Source: Dow Jones Indexes

Dow Jones Asia Titans: Thursday's best and worst...

Company	Country	Industry	Market value, in billions of US$	Previous close, in local currency	STOCK PERFORMANCE Previous session	52-week	Three-year
Toyota Motor	Japan	Automobiles	$122.7	3,520	**2.62%**	14.3%	-51.3%
RioZim Ltd	Australia	General Mining	39.4	69.84	**1.81**	28.3	18.0
Honda Motor	Japan	Automobiles	58.8	2,905	**1.75**	42.1	-30.8
Mitsui	Japan	Industrial Suppliers	24.0	1,197	**1.53**	39.4	-24.2
Nissan Motor	Japan	Automobiles	33.1	662.00	**1.38**	77.0	-53.5
KB Fncl Group	South Korea	Banks	$19.2	57,800	**-2.36%**	95.2	-19.5
Samsung Elec	South Korea	Semiconductors	91.9	720,000	**-2.04**	51.9	9.6
CNOOC	Hong Kong	Exploration Production	71.6	12.42	**-1.90**	116.0	84.3
Shinhan Financial Grp	South Korea	Banks	19.3	47,000	**-1.88**	52.0	6.4
Seven I Hldgs	Japan	Broadline Retailers	19.1	1,912	**-1.85**	-36.9	-45.2

...And the rest of Asia's blue chips

Company/Country (Industry)	Market value, in billions (U.S)	Latest, in local currency	STOCK PERFORMANCE Latest	52-week	Three-year
BHP Billiton Australia (General Mining)	123.5	39.55	**1.15**%	58.2%	49.1%
Sun Hung Kai Prop Hong Kong (Real Estate Holding Development)	38.0	114.90	**1.06**	96.4	27.7
Mitsubishi Japan (Industrial Suppliers)	36.4	2,000	**0.86**	56.6	-4.3
Nintendo Japan (Toys)	33.0	23,300	**0.65**	-18.4	-10.4
Shin-Etsu Chml Japan (Specialty Chemicals)	22.7	4,820	**0.63**	14.5	-36.7
Sumitomo Mitsui Finl Japan (Banks)	36.0	3,220	**0.63**	-12.5	-73.6
East Japan Railway Japan (Travel Tourism)	25.1	5,670	**0.53**	-24.9	-29.7
Kansai Elec Power Japan (Conventional Electricity)	21.0	1,984	**0.46**	-18.4	-29.1
Mitsubishi UFJ Finl Grp Japan (Banks)	65.6	512.00	**0.39**	-13.5	-64.2
Cheung Kong (Hldgs) Hong Kong (Real Estate Holding Development)	28.9	96.75	**0.16**	47.7	9.4
Panasonic Japan (Consumer Electronics)	28.0	1,222	**0.08**	-11.6	-45.9
Taiwan Smcndtr Mfg Taiwan (Semiconductors)	49.8	62.20	**...**	54.4	1.5
Aus NZ Bk Australia (Banks)	53.5	22.94	**-0.04**	63.3	-19.9
PetroChina Hong Kong (Integrated Oil Gas)	27.4	10.08	**-0.20**	80.0	11.5
KDDI Japan (Mobile Telecommunications)	22.2	453,000	**-0.44**	-19.4	-40.3
Westfield Grp Australia (Retail REITs)	26.6	12.53	**-0.48**	-12.1	-33.2
Woolworths Australia (Food Retailers Wholesalers)	32.1	28.00	**-0.50**	1.2	29.0
Canon Japan (Electronic Office Equipment)	46.6	3,410	**-0.58**	19.7	-45.4
Nippon Steel Japan (Iron Steel)	23.4	336.00	**-0.59**	22.2	-31.6
National Australia Bk Australia (Banks)	57.7	30.08	**-0.63**	55.1	-22.5

Company/Country (Industry)	Market value, in billions (U.S)	Latest, in local currency	STOCK PERFORMANCE Latest	52-week	Three-year
Tokyo Elec Power Japan (Conventional Electricity)	31.8	2,125	**-0.70**%	-24.5%	-39.1%
Commonwealth Bk of Australia Australia (Banks)	77.2	54.60	**-0.73**	65.5	12.9
Nippon T&T Japan (Fixed Line Telecommunications)	54.5	3,720	**-0.80**	-11.9	-34.3
Westpac Bking Australia (Banks)	70.5	26.04	**-0.91**	53.5	7.7
POSCO South Korea (Iron Steel)	35.0	533,000	**-0.93**	65.5	92.8
JFE Hldgs Japan (Iron Steel)	17.9	3,060	**-0.97**	34.5	-37.3
Japan Tobacco Japan (Tobacco)	26.5	249,300	**-0.99**	-19.3	-52.2
Mizuho Financial Grp Japan (Banks)	27.4	176.00	**-1.12**	-30.8	-79.4
Hon Hai Precision Ind Taiwan (Electrical Components Equipment)	34.7	131.50	**-1.13**	140.8	-8.3
China Constr Bk Hong Kong (Banks)	203.8	7.03	**-1.13**	73.6	71.5
NTT DoCoMo Japan (Mobile Telecommunications)	60.6	128,400	**-1.23**	-14.2	-28.7
QBE Ins Grp Australia (Reinsurance)	21.0	22.50	**-1.32**	-13.1	-12.5
Sony Japan (Consumer Electronics)	28.2	2,555	**-1.35**	27.8	-45.8
Hutchison Whampoa Hong Kong (Diversified Industrials)	30.0	54.50	**-1.36**	42.3	-24.1
Takeda Pharm Japan (Pharmaceuticals)	30.8	3,520	**-1.40**	-23.6	-52.6
China Mobile (HK) Hong Kong (Mobile Telecommunications)	190.7	74.35	**-1.46**	13.3	7.1
China Life Ins Hong Kong (Life Insurance)	36.8	38.35	**-1.54**	85.7	112.8
Indl Comm Bk China Hong Kong (Banks)	71.5	6.67	**-1.62**	81.3	65.5
Tokio Marine Japan (Property Casualty Insurance)	20.9	2,395	**-1.64**	-23.0	-40.3
Woodside Petroleum Australia (Exploration Production)	32.4	49.06	**-1.80**	33.0	35.2

Sources: Dow Jones Indexes; WSJ Market Data Group

Tracking credit markets & dealmakers

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Hedge funds

Dow Jones Hedge Benchmark	TOTAL RETURN for rolling periods, net of fees* One week	One month	One quarter	Year to date	One year
Merger Arbitrage	0.27%	0.30%	1.6%	7.0%	7.0%
Event Driven	-0.05	0.61	4.6	13.3	1.7
Equity Long/Short	0.72	-0.94	0.6	3.3	-3.1

*Estimates as of 11/10/09, after fees; Source: www.djhedgefundindexes.com

Credit derivatives

Spreads on credit derivatives are one way the market rates creditworthiness. Regions that are treading in rough waters can see spreads swing toward the maximum—and vice versa. Indexes below are for five-year swaps.

Markit iTraxx Indexes

Index: series/version	Mid-spread, in pct. pts.	Mid-price	Coupon	SPREAD RANGE, in pct. pts. since most recent roll Maximum	Minimum	Average
Europe: 12/1	0.83	100.80%	0.01%	1.00	0.78	0.86
Eur. High Volatility: 12/1	1.37	98.27	0.01	1.76	1.34	1.47
Europe Crossover: 12/1	5.06	99.75	0.05	6.15	4.87	5.39
Asia ex-Japan IG: 12/1	1.08	99.64	0.01	1.26	0.96	1.11
Japan: 12/1	1.31	98.50	0.01	1.53	0.99	1.27

Note: Data as of November 11

Spreads

Spreads on five-year swaps for corporate debt; based on Markit iTraxx indexes.

Source: Markit Group

Credit-default swaps: Asian companies

At its most basic, the pricing of credit-default swaps measures how much a buyer has to pay to purchase-and how much a seller demands to sell-protection from default on an issuer's debt. The snapshot below gives a sense which way the market was moving yesterday.

Showing the biggest improvement...

	Yesterday	CHANGE, in basis points Yesterday	Five-day	28-day
Victor Co of Japan	"1,838"	**-41**	18	111
Nishimatsu Constr	502	**-21**	-23	-53
Wan Hai Lines	180	**-10**	-13	-70
All Nippon Awys	320	**-8**	-18	27
Nissan Mtr	129	**-4**	-6	-3
Mizuho Corporate Bk	92	**-3**	3	22
SK Telecom	75	**-3**	-11	-2
Rep Philippines	175	**-3**	-15	16
Kajima	199	**-3**	-1	34
Kubota	32	**-2**	-2	-3

And the most deterioration

	Yesterday	CHANGE, in basis points Yesterday	Five-day	28-day
Nankai Elec Rwy	73	**2**	3	-1
Korea Dep Ins	82	**3**	-11	2
Nippon Paper Inds	93	**3**	4	29
Sekisui House	58	**3**	3	-3
Marui Group	183	**3**	-8	22
Acom	361	**3**	-89	-215
Marubeni	182	**3**	-5	5
Hysan Dev	69	**6**	-11	-10
Mitsubishi Chem	99	**6**	1	4
Aeon	120	**6**	6	20

Source: Markit Group

Behind Europe's deals: Bank revenue rankings, UK

Behind every IPO, bond offering, merger deal or syndicated loan is one or more investment banks. Here are investment banks ranked by year-to-date revenues from recent deals.

	Revenue, in millions	Market share	PERCENTAGE OF TOTAL REVENUE Equity capital markets	Debt capital markets	Mergers & acquisitions	Loans
JPMorgan	$537	13.0%	72%	8%	18%	2%
RBS	385	9.3	56	36	3	4
UBS	280	6.8	46	5	49	...
Credit Suisse	274	6.6	80	7	10	4
Goldman Sachs	248	6.0	54	19	27	...
Citi	242	5.9	46	11	39	4
Morgan Stanley	220	5.3	53	11	33	3
Barclays Capital	217	5.2	14	66	9	11
Bank of America Merrill Lynch	192	4.7	58	16	21	4

Source: Dealogic

GLOBAL MARKETS LINEUP

Commodities

Prices of futures contracts with the most open interest

EXCHANGE LEGEND: CBOT: Chicago Board of Trade; **CME:** Chicago Mercantile Exchange; **NYBOT:** New York Board of Trade; **MDEX:** Bursa Malaysia Derivatives Berhad; **LIFFE:** London International Financial Futures Exchange; **LME:** London Mercantile Exchange; **NYMEX:** New York Mercantile Exchange; **ICE:** IntercontinentalExchange

Commodity	Exchange	Last price	ONE-DAY CHANGE Net	ONE-DAY CHANGE Percentage	Contract high	Contract low
Corn (cents/bu.)	CBOT	390.75	-3.25	-0.82%	707.00	302.00
Soybeans (cents/bu.)	CBOT	974.00	2.00	0.21%	1,315.00	794.00
Wheat (cents/bu.)	CBOT	542.50	-9.50	-1.72	1,029.25	459.00
Live cattle (cents/lb.)	CME	85.925	-0.350	-0.41	108.600	84.150
Cocoa ($/ton)	ICE-US	3,170	-35	-1.09	3,439	1,994
Coffee (cents/lb.)	ICE-US	135.20	-0.60	-0.44	188.65	115.00
Sugar (cents/lb.)	ICE-US	22.73	0.06	0.26	26.25	11.91
Cotton (cents/lb.)	ICE-US	70.66	-0.42	-0.59	84.00	49.67
Crude palm oil (ringgit/ton)	MDEX	2,245.00	10	0.45	4,200	1,487
Cocoa (pounds/ton)	LIFFE	2,125	-25	-1.16	2,250	1,475
Robusta coffee ($/ton)	LIFFE	1,312	-25	-1.87	1,955	1,295
Copper (cents/lb.)	COMEX	295.25	-1.30	-0.44	365.00	135.50
Gold ($/troy oz.)	COMEX	1115.00	0.40	0.04	1,123.40	494.00
Silver (cents/troy oz.)	COMEX	1730.00	-23.70	-1.35	2,200.00	740.00
Aluminum ($/ton)	LME	1,950.50	-20.00	-1.01	2,065.00	1,288.00
Tin ($/ton)	LME	14,675.00	-125.00	-0.84	15,700.00	9,750.00
Copper ($/ton)	LME	6,489.00	-132.00	-1.99	6,695.00	2,815.00
Lead ($/ton)	LME	2,265.00	-70.00	-3.00	2,459.50	870.00
Zinc ($/ton)	LME	2,163.50	-14.50	-0.67	2,344.00	1,065.00
Nickel ($/ton)	LME	16,375	-725	-4.24	21,150	9,175
Crude oil ($/bbl.)	NYMEX	77.02	-2.26	-2.85	139.00	47.31
Heating oil ($/gal.)	NYMEX	2.0242	-0.0661	-3.16	4.1847	1.3640
RBOB gasoline ($/gal.)	NYMEX	1.9590	-0.0598	-2.96	2.7100	1.1525
Natural gas ($/mmBtu)	NYMEX	4.782	-0.119	-2.43	12.920	4.677
Brent crude ($/bbl.)	ICE-EU	77.58	-1.12	-1.42	108.19	48.19
Gas oil ($/ton)	ICE-EU	622.75	-12.50	-1.97	1,338.00	434.50

Source: Thomson Reuters; WSJ Market Data Group

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Currencies

London close on Nov. 12

AMERICAS	Per euro	In euros	Per U.S. dollar	In U.S. dollars
Argentina peso-a	5.6723	0.1763	3.8113	0.2624
Brazil real	2.5648	0.3899	1.7233	0.5803
Canada dollar	1.5603	0.6409	1.0484	0.9538
1-mo. forward	1.5603	0.6409	1.0484	0.9538
3-mos. forward	1.5603	0.6409	1.0484	0.9538
6-mos. forward	1.5606	0.6408	1.0486	0.9537
Chile peso	755.24	0.001324	507.45	0.001971
Colombia peso	2947.28	0.0003393	1980.30	0.0005050
Ecuador US dollar-f	1.4883	0.6719	1	1
Mexico peso-a	19.6203	0.0510	13.1830	0.0759
Peru sol	4.2856	0.2333	2.8795	0.3473
Uruguay peso-e	30.436	0.0329	20.450	0.0489
U.S. dollar	1.4883	0.6719	1	1
Venezuela bolivar	3.20	0.312908	2.15	0.465701
ASIA-PACIFIC				
Australia dollar	1.6039	0.6235	1.0776	0.9280
China yuan	10.1600	0.0984	6.8266	0.1465
Hong Kong dollar	11.5343	0.0867	7.7500	0.1290
India rupee	69.4366	0.0144	46.6550	0.0214
Indonesia rupiah	14005	0.0000714	9410	0.0001063
Japan yen	134.68	0.007425	90.50	0.011050
1-mo. forward	134.66	0.007426	90.48	0.011052
3-mos. forward	134.61	0.007429	90.45	0.011056
6-mos. forward	134.52	0.007434	90.38	0.011064
Malaysia ringgit-c	5.0334	0.1987	3.3820	0.2957
New Zealand dollar	2.0239	0.4941	1.3599	0.7354
Pakistan rupee	124.347	0.0080	83.550	0.0120
Philippines peso	69.690	0.0143	46.825	0.0214
Singapore dollar	2.0684	0.4835	1.3898	0.7196
South Korea won	1725.43	0.0005796	1159.33	0.0008626
Taiwan dollar	48.113	0.02078	32.328	0.03093
Thailand baht	49.583	0.02017	33.315	0.03002

EUROPE	Per euro	In euros	Per U.S. dollar	In U.S. dollars
Euro zone euro	1	1	0.6719	1.4883
1-mo. forward	1.0001	0.9999	0.6720	1.4882
3-mos. forward	1.0004	0.9996	0.6722	1.4878
6-mos. forward	1.0008	0.9992	0.6725	1.4871
Czech Rep. koruna-b	25.504	0.0392	17.136	0.0584
Denmark krone	7.4405	0.1344	4.9993	0.2000
Hungary forint	270.07	0.003703	181.47	0.005511
Norway krone	8.3784	0.1194	5.6295	0.1776
Poland zloty	4.1282	0.2422	2.7738	0.3605
Russia ruble-d	42.978	0.02327	28.877	0.03463
Sweden krona	10.2149	0.0979	6.8635	0.1457
Switzerland franc	1.5105	0.6620	1.0149	0.9853
1-mo. forward	1.5102	0.6622	1.0147	0.9855
3-mos. forward	1.5096	0.6624	1.0143	0.9859
6-mos. forward	1.5087	0.6628	1.0137	0.9865
Turkey lira	2.2030	0.4539	1.4802	0.6756
U.K. pound	0.8995	1.1117	0.6044	1.6546
1-mo. forward	0.8997	1.1115	0.6045	1.6542
3-mos. forward	0.9001	1.1110	0.6048	1.6535
6-mos. forward	0.9006	1.1103	0.6051	1.6525
MIDDLE EAST/AFRICA				
Bahrain dinar	0.5611	1.7822	0.3770	2.6525
Egypt pound-a	8.1205	0.1231	5.4563	0.1833
Israel shekel	5.6265	0.1777	3.7805	0.2645
Jordan dinar	1.0533	0.9494	0.7078	1.4129
Kuwait dinar	0.4246	2.3551	0.2853	3.5051
Lebanon pound	2236.17	0.0004472	1502.50	0.0006656
Saudi Arabia riyal	5.5815	0.1792	3.7503	0.2666
South Africa rand	11.0752	0.0903	7.4415	0.1344
United Arab dirham	5.4666	0.1829	3.6731	0.2723
SDR -f	0.9306	1.0746	0.6253	1.5993

a-floating rate b-commercial rate c-government rate c-commercial rate d-Russian Central Bank rate f-Special Drawing Rights from the International Monetary Fund ; based on exchange rates for U.S., British and Japanese currencies.
Note: Based on trading among banks in amounts of $1 million and more, as quoted by Thomson Reuters.

Major stock market indexes

Stock indexes from around the world, grouped by region. Shown in local-currency terms.

Price-to-earnings ratio*	Region/Country	Index	PREVIOUS SESSION Close	Net change	Percentage change	PERFORMANCE Yr.-to-date	52-wk.
45	**ASIA-PACIFIC**	DJ Asia-Pacific	120.51	-0.89	-0.73%	28.8%	40.1%
...	Australia	SPX/ASX 200	4747.9	-9.1	-0.19	27.6	28.4
...	China	CBN 600	28282.17	41.74	0.15%	91.5	90.0
21	Hong Kong	Hang Seng	22397.57	-229.64	-1.01	55.7	69.4
19	India	Sensex	16696.03	-153.57	-0.91	73.1	75.1
...	Indonesia	Jakarta Composite	2420.281	16.402	0.68	78.6	92.1
...	Japan	Nikkei Stock Average	9804.49	-67.19	-0.68	10.7	19.0
...		Topix	867.70	-4.59	-0.53	1.0	3.6
...	Malaysia	Kuala Lumpur Composite	1271.75	1.60	0.13	45.1	44.4
...	New Zealand	NZSX-50	3172.085	10.545	0.33	16.8	16.2
8	Pakistan	KSE 100	8924.24	8.06	0.09	52.2	-2.8
16	Philippines	Manila Composite	3073.92	26.78	0.88	64.1	60.2
...	Singapore	Straits Times	2726.24	-14.19	-0.52	54.8	55.3
11	South Korea	Kospi	1572.73	-22.09	-1.39	39.9	44.5
22	Taiwan	Weighted	7670.93	2.87	0.04	67.1	72.9
10	Thailand	SET	696.72	-21.18	-2.95	54.8	60.7
47	**EUROPE**	DJ Stoxx 600	246.66	0.46	0.19	25.3	20.9
21		DJ Stoxx 50	2497.56	3.21	0.13	20.9	17.1
40	**Euro Zone**	DJ Euro Stoxx	268.72	-0.14	-0.05%	20.6%	20.2%
18		DJ Euro Stoxx 50	2877.65	-3.36	-0.12	17.4	18.4
19	Denmark	OMX Copenhagen	312.15	-1.93	-0.61	38.0	26.0
18	Finland	OMX Helsinki	6286.82	19.44	0.31%	16.3	11.6
17	France	CAC-40	3808.07	-6.32	-0.17	18.3	16.5
21	Germany	DAX	5663.96	-4.39	-0.08	17.7	21.8
16	Italy	FTSE MIB	23209.47	-57.13	-0.25	19.3	13.7
...	Netherlands	AEX	317.06	-0.91	-0.29	28.9	26.8
...	Russia	RTSI	1425.34	-9.11	-0.64	125.6	129.9
11	Spain	IBEX 35	11834.5	33.1	0.28	28.7	35.4
14	Switzerland	SMI	6355.76	-18.94	-0.30	14.8	10.7
...	Turkey	ISE National 100	48746.03	-117.97	-0.24	81.5	94.2
13	U.K.	FTSE 100	5276.50	9.75	0.19	19.0	26.6
1	**AMERICAS**	DJ Americas	291.16	0.43	0.15	28.8	37.4
...	Brazil	Bovespa	66004.48	-426.75	-0.64	75.8	83.0
...	Argentina	Merval	2233.59	-17.30	-0.77	106.9	124.7
19	Mexico	IPC	30998.53	-99.11	-0.32	38.5	62.4

*P/E ratios use trailing 12-months, as-reported earnings
European and Americas index data are as of 12:00 p.m. ET.

Sources: Thomson Reuters; WSJ Market Data Group

Reuters Group PLC is the primary data provider for several statistical tables in The Wall Street Journal, including foreign stock quotations, futures and futures options prices, and foreign exchange tables. Reuters real-time data feeds are used to calculate various Dow Jones Indexes.

Dow Jones and Dow Jones Stoxx Indexes

Dividend yield*	Price-to-earnings ratio*	Dows Jones Index	Last	Net change	PERFORMANCE Daily	Year-to-date	52-wk.	Three-yr., annualized
2.20%	2	**DJ Global Index**	224.78	-0.15	-0.15%	35.4%	-0.1%	-5.6%
1.94	20	**Global DOW**	1952.89	-6.43	-6.43	33.8	-0.3	-1.2
2.47	97	**Asia/Pacific 600**	113.12	-0.71	-0.71	28.9	-0.6	-6.5
1.78	0	**Emerging Markets**	272.73	-1.75	-1.75	87.6	-0.6	5.2
2.23	45	**Asia/Pacific**	120.51	-0.89	-0.89	40.1	-0.7	-4.4
2.50	18	**Asia/Pacific ex-Japan**	308.11	-1.57	-1.57	81.3	-0.5	2.3
2.74	25	**Southeast Asia**	152.33	-0.39	-0.39	76.3	-0.3	3.6
0.85	33	**CBN China 600** -c	28282.17	41.73	41.73	90.0	0.1	33.2
0.88	36	**Shanghai**	376.57	0.43	0.43	88.0	0.1	32.3
0.60	54	**Shenzhen**	398.26	1.71	1.71	121.4	0.4	38.4
2.10	21	**China Offshore 50**	4216.79	-38.87	-38.87	81.5	-0.9	15.4
8.89	10	**Australia LPT** -c, d	1156.97	-3.60	-3.60	-3.1	-0.3	-18.9

Dividend yield*	Price-to-earnings ratio*	Dows Jones Index	Last	Net change	PERFORMANCE Daily	Year-to-date	52-wk.	Three-yr., annualized
2.18%	3	**Islamic Market**	1929.28	-1.32	-1.32%	35.1%	-0.1%	-1.4%
2.50	15	**Islamic Market 100**	2077.59	1.97	1.97	23.0	0.1	-2.5
9.45	25	**Bahrain**	122.99	-1.50	-1.50	-28.6	-1.2	-12.8
2.73	32	**Kuwait**	202.55	-6.22	-6.22	-11.7	-3.0	-16.5
2.64	19	**Sustainability**	1014.76	1.34	1.34	38.0	0.1	-6.2
2.75	47	**Stoxx 600 -p**	275.60	1.38	1.38	43.6	0.5	-7.1
4.79	13	**Stoxx Select Div 30 -p**	1845.02	23.16	23.16	33.9	1.3	-18.7
3.96	15	**Euro Stoxx Sel Div 30 -p**	2194.34	25.38	25.38	50.2	1.2	-14.1
1.78	30	**DJ U.S. TSM**	11282.38	24.38	24.38	23.7	0.2	-6.7
4.10	15	**U.S. Select Dividend -d**	631.21	2.63	2.63	3.3	0.4	-10.0
4.78		**U.S. REIT**	136.89	0.06	0.06	16.8	0.0	-18.5
		DJ-UBS Commodity -p	133.41	0.74	0.74	8.4	0.6	-7.4

*Fundamentals are based on data in U.S. dollar. Footnotes: c-in local currency. d-dividends reinvested. p-previous day. Note: All data as of 11:30 a.m. ET.

Source: Dow Jones Indexes

Cross rates

U.S.-dollar and euro foreign-exchange rates in global trading

	US$	A$	£	C$	YUAN	EURO	HK$	RUPEE	RUPIAH	YEN	NZ$	WON	RINGGIT	PH. PESO	S$	S FRANC	TW$	BAHT
U.S.		1.078	0.604	1.048	6.827	0.672	7.750	46.655	9409.99	90.495	1.360	1159.33	3.382	46.825	1.390	1.015	32.327	33.315
Australia	0.928		0.561	0.973	6.335	0.623	7.192	43.294	8732.00	83.975	1.262	1075.80	3.138	43.451	1.290	0.942	29.998	30.915
Britain	1.655	1.783		1.735	11.295	1.112	12.823	77.193	15569.30	149.728	2.250	1918.16	5.596	77.474	2.299	1.679	53.487	55.121
Canada	0.954	1.028	0.576		6.511	0.641	7.392	44.501	8975.58	86.317	1.297	1105.81	3.226	44.663	1.326	0.968	30.835	31.777
China	0.1465	0.158	0.089	0.154		0.098	1.135	6.834	1378.43	13.256	0.199	169.82	0.495	6.859	0.204	0.149	4.736	4.880
Euro	1.488	1.604	0.900	1.560	10.160		11.534	69.437	14004.89	134.684	2.024	1725.43	5.033	69.690	2.068	1.510	48.113	49.583
Hong Kong	0.129	0.139	0.078	0.135	0.881	0.087		6.020	1214.20	11.677	0.175	149.59	0.436	6.042	0.179	0.131	4.171	4.299
India	0.0214	0.0231	0.0130	0.0225	0.1463	0.0144	0.1661		201.69	1.9397	0.0291	24.85	0.0725	1.0036	0.0298	0.0218	0.6929	0.7141
Indonesia	0.0001	0.0001	0.0001	0.0001	0.0007	0.0001	0.0008	0.0050		0.0096	0.0001	0.12	0.0004	0.0050	0.0001	0.0001	0.0034	0.0035
Japan	0.011	0.012	0.007	0.012	0.075	0.007	0.086	0.516	103.98		0.015	12.81	0.037	0.517	0.015	0.011	0.357	0.368
New Zealand	0.735	0.792	0.444	0.771	5.020	0.494	5.699	34.308	6919.64	66.545		852.51	2.487	34.433	1.022	0.746	23.772	24.498
South Korea	0.0009	0.0009	0.0005	0.0009	0.0059	0.0006	0.0067	0.0402	8.12	0.0781	0.0012		0.0029	0.0404	0.0012	0.0009	0.0279	0.0287
Malaysia	0.296	0.319	0.179	0.310	2.019	0.199	2.292	13.795	2782.38	26.758	0.402	342.79		13.845	0.411	0.300	9.559	9.851
Philippines	0.021	0.023	0.013	0.022	0.146	0.014	0.166	0.996	200.96	1.933	0.029	24.76	0.072		0.030	0.022	0.690	0.711
Singapore	0.720	0.775	0.435	0.754	4.912	0.483	5.577	33.571	6771.00	65.116	0.979	834.20	2.434	33.693		0.730	23.261	23.972
Switzerland	0.985	1.062	0.596	1.033	6.726	0.662	7.636	45.970	9271.84	89.166	1.340	1142.31	3.332	46.138	1.369		31.853	32.826
Taiwan	0.031	0.033	0.019	0.032	0.211	0.021	0.240	1.443	291.08	2.799	0.042	35.86	0.105	1.448	0.043	0.031		1.031
Thailand	0.030	0.032	0.018	0.031	0.205	0.020	0.233	1.400	282.46	2.716	0.041	34.80	0.102	1.406	0.042	0.030	0.970	

Source: Thomson Reuters via WSJ Market Data Group

MSCI indexes

Developed and emerging-market regional and country indexes from MSCI Barra as of November. 12, 2009

Dividend yield	Price-to-earnings ratio	Morgan Stanley Index	Last	LOCAL-CURRENCY PERFORMANCE Daily	YTD	52-wk.
2.50%	23	**ALL COUNTRY (AC) WORLD***	297.34	0.52%	**30.6%**	25.9%
2.60	24	**World (Developed Markets)**	1,162.16	0.46	**26.3**	21.4
1.90	1638	**World Small Cap**	186.83	0.65	**39.2**	34.6
2.70	20	**Kokusai (World ex-Japan)**	1,154.37	0.51	**29.4**	22.8
3.10	25	**EAFE**	1,591.18	0.41	**28.6**	28.4
2.30	19	**Emerging Markets (EM)**	972.09	0.94	**71.4**	70.4
2.70	24	**AC ASIA PACIFIC EX-JAPAN**	410.83	1.07	**66.1**	68.6
2.20	25	**AC Far East ex-Japan**	439.98	1.04	**61.3**	67.5
1.30	40	**Japan**	541.10	0.08	**2.1**	0.4
2.10	20	**China**	66.02	1.08	**61.9**	86.6
0.90	37	**China A (China Domestic)**	3,307.70	-0.21	**90.7**	111.2
2.60	23	**Hong Kong**	10,182.71	0.40	**55.3**	59.1
1.00	19	**India**	679.35	2.69	**84.0**	77.5
0.90	24	**Korea**	454.55	0.91	**48.1**	43.7
2.60	21	**Malaysia**	469.89	-0.44	**46.3**	48.4
3.30	16	**Singapore**	1,529.00	1.42	**53.4**	53.2
2.70	377	**Taiwan**	279.26	1.05	**61.1**	50.1
3.10	19	**Thailand**	294.89	1.68	**59.3**	72.4
4.10	22	**Australia**	979.88	0.51	**28.1**	18.2
5.10	17	**New Zealand**	87.00	0.24	**14.6**	10.9
1.90	32	**US BROAD MARKET**	1,211.96	0.55	**23.4**	15.1
3.50	17	**EUROPE**	85.64	0.34	**23.3**	9.8

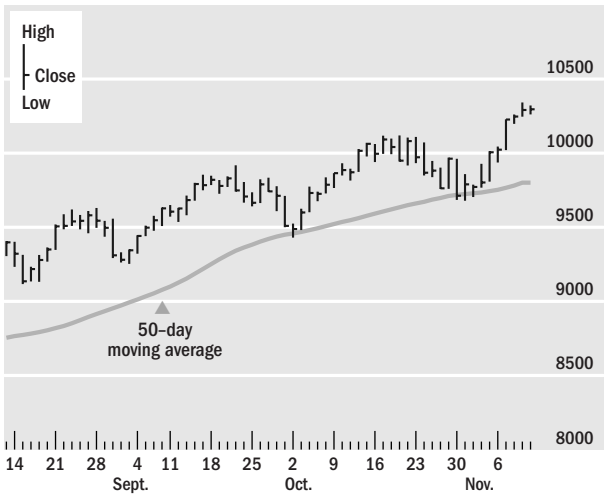
*Twenty-three developed and 26 emerging markets

Source: MSCI Barra

SCANNING THE GLOBE

Dow Jones Industrial Average P/E: 18

LAST: **10296.02** ▲ 4.76, or 0.05%
YEAR TO DATE: ▲ **1,519.63, or 17.3%**
OVER 52 WEEKS ▲ **1,460.77, or 16.5%**

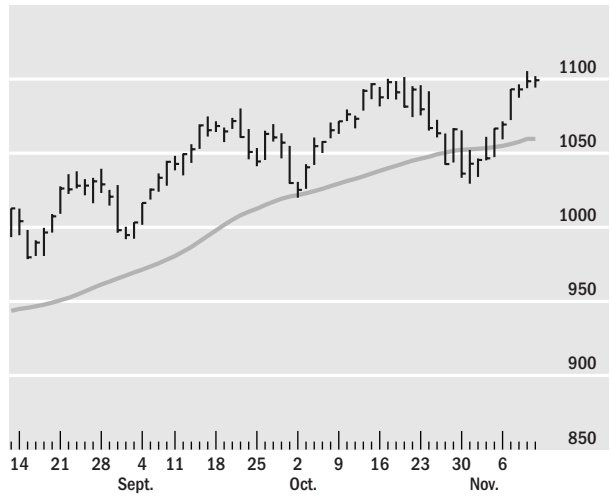


Nasdaq Composite Index P/E: 44*

LAST: **2173.29** ▲ 6.39, or 0.29%
YEAR TO DATE: ▲ **596.26, or 37.8%**
OVER 52 WEEKS ▲ **576.59, or 36.1%**

S&P 500 Index P/E: 70

LAST: **1099.21** ▲ 0.70, or 0.06%
YEAR TO DATE: ▲ **195.96, or 21.7%**
OVER 52 WEEKS ▲ **187.92, or 20.6%**



*Price-to-earnings ratio for the Nasdaq 100 Note: Price-to-earnings ratios are for trailing 12 months

Sources: WSJ Market Data Group; Birinyi Associates

DJIA component stocks

Stock	Symbol	Volume, in millions	Latest	CHANGE Points	CHANGE Percentage
AT&T	T	**7.40**	$26.41	-0.03	**-0.11%**
Alcoa	AA	**10.70**	13.25	-0.18	**-1.34**
AmExpress	AXP	**4.40**	39.82	-0.23	**-0.57**
BankAm	BAC	**72.10**	16.24	-0.19	**-1.16**
Boeing	BA	**1.00**	50.44	-0.24	**-0.47**
Caterpillar	CAT	**3.20**	58.98	-1.08	**-1.80**
Chevron	CVX	**3.30**	77.54	-0.97	**-1.24**
CiscoSys	CSCO	**32.10**	23.34	-0.58	**-2.42**
CocaCola	KO	**3.00**	56.25	0.12	**0.21**
Disney	DIS	**5.30**	29.02	-0.27	**-0.92**
DuPont	DD	**3.70**	33.97	-0.14	**-0.41**
ExxonMobil	XOM	**6.10**	72.24	-0.67	**-0.92**
GenElec	GE	**29.60**	15.80	-0.03	**-0.19**
HewlettPk	HPQ	**12.50**	49.75	-0.25	**-0.50**
HomeDpt	HD	**9.90**	27.37	0.06	**0.22**
Intel	INTC	**46.30**	19.85	0.01	**0.05**
IBM	IBM	**2.40**	126.99	-0.20	**-0.16**
JPMorgChas	JPM	**13.10**	43.71	-0.61	**-1.38**
JohnsJohns	JNJ	**4.70**	61.21	0.34	**0.56**
KftFoods	KFT	**3.60**	26.83	0.01	**0.04**
McDonalds	MCD	**2.90**	62.18	-0.65	**-1.03**
Merck	MRK	**6.30**	33.34	0.12	**0.36**
Microsoft	MSFT	**23.10**	29.40	0.28	**0.96**
Pfizer	PFE	**16.90**	17.76	0.14	**0.80**
ProctGamb	PG	**6.00**	61.62	-0.61	**-0.98**
3M	MMM	**0.70**	77.36	-0.60	**-0.77**
TravelersCos	TRV	**1.50**	53.71	-0.60	**-1.10**
UnitedTech	UTX	**1.60**	66.79	-0.18	**-0.27**
Verizon	VZ	**5.90**	30.27	-0.09	**-0.29**
WalMart	WMT	**15.80**	53.49	0.52	**0.98**

U.S. stocks: most active...

Stock	Symbol	Volume, in millions	Latest	CHANGE Points	CHANGE Percentage
3ComCp	COMS	**158.8**	$7.49	$1.80	**31.63%**
AdvMicro	AMD	**113.1**	6.45	1.13	**21.19**
Citigroup	C	**93.6**	4.10	–0.06	**–1.44**
SPDR S&P 500	SPY	**79.1**	109.48	–0.67	**–0.61**
BankAm	BAC	**73.6**	16.22	–0.21	**–1.27**
PwrShrs QQQ	QQQQ	**50.6**	43.78	–0.12	**–0.27**
DrxFinancBear 3x	FAZ	**50.4**	19.26	0.47	**2.50**
BrcadeComm	BRCD	**49.7**	8.13	–1.12	**–12.11**
Intel	INTC	**46.4**	19.84	0.00	**0.00**
FannieMaeCvPfd	FNA	**44.0**	8.34	6.79	**438.06**
SPDR FnclSelSct	XLF	**36.5**	14.83	–0.14	**–0.91**
CiscoSys	CSCO	**32.2**	23.33	–0.59	**–2.47**
iShrMSCIEmrgMkt	EEM	**30.2**	40.66	–0.61	**–1.48**
iShrRu2000	IWM	**30.0**	58.64	–0.62	**–1.05**
GenElec	GE	**29.7**	15.80	–0.03	**–0.19**

Biggest gainers...

XcelEngySubNts	XCJ	**5,970.0**	$39.50	$13.46	**51.69%**
Playboy B	PLA	**1,294.6**	3.86	1.00	**34.97**
HKHighpwerTech	HPJ	**1,450.5**	4.24	1.03	**32.09**
3ComCp	COMS	**158,840.0**	7.49	1.80	**31.63**
AdvMicro	AMD	**113,131.0**	6.45	1.13	**21.19**

...Biggest losers

Trimeris	TRMS	**1,376.6**	$2.97	-$0.62	**-17.27%**
NW Pipe	NWPX	**320.2**	27.02	-4.21	**-13.48**
BrcadeComm	BRCD	**49,712.7**	8.13	-1.12	**-12.11**
Invitel	IHO	**3.3**	3.20	-0.42	**-11.60**
Medcath	MDTH	**48.3**	8.12	-1.00	**-10.96**

ADRs of Asian companies*

52-WEEK High	52-WEEK Low	Stock	Symbol	Volume, in OOOs	Latest	CHANGE Points	CHANGE Percentage
$11.39	$5.53	**Taiwan Semi**	TSM	**9,826.1**	$10.47	0.02	**0.19%**
74.98	24.53	**BHP Billiton**	BHP	**2,405.5**	71.71	-0.90	**-1.24**
11.73	4.78	**AU Optrncs**	AUO	**1,969.8**	9.71	-0.01	**-0.10**
3.84	1.62	**Utd Microelectronics**	UMC	**1,856.3**	3.63	0.01	**0.28**
15.95	8.56	**China Unicom**	CHU	**1,218.2**	13.85	-0.33	**-2.33**
4.00	0.87	**SemiMfgInt**	SMI	**740.9**	3.58	-0.30	**-7.73**
18.80	12.59	**SK Telecom**	SKM	**674.1**	17.06	-0.19	**-1.10**
50.64	21.10	**Infosys Tech**	INFY	**627.8**	49.97	0.29	**0.58**
8.19	3.14	**Siliconware Prec Ind**	SPIL	**562.7**	7.30	0.00	**0**
6.84	3.71	**Mitsu UFJ Fnl**	MTU	**548.4**	5.63	-0.09	**-1.57**
59.22	38.51	**China Mobile**	CHL	**493.7**	48.15	-0.55	**-1.13**
30.82	15.64	**Sony**	SNE	**273.7**	28.28	-0.72	**-2.48**
4.53	1.36	**Adv Semi Engrg**	ASX	**259.6**	4.40	-0.01	**-0.23**
76.27	33.93	**China Life Ins**	LFC	**254.0**	74.25	-1.52	**-2.01**
18.42	4.05	**Yanzhou Coal Mining**	YZC	**238.6**	17.98	-0.06	**-0.33**
19.56	15.05	**ChunghwaTel**	CHT	**206.8**	17.85	0.05	**0.28**
32.79	8.11	**Aluminum Cp of China**	ACH	**198.4**	28.12	-0.48	**-1.68**
87.67	55.41	**Toyota Motor**	TM	**192.0**	77.91	1.12	**1.46**
9.50	3.96	**Nomura Hldgs**	NMR	**189.7**	6.97	-0.22	**-3.06**
32.99	17.35	**Honda Motor**	HMC	**187.0**	32.06	-0.17	**-0.53**
135.92	63.62	**PetroChina**	PTR	**172.0**	129.64	-1.35	**-1.03**
150.50	42.35	**POSCO**	PKX	**159.4**	113.70	-1.93	**-1.67**
167.15	60.57	**CNOOC**	CEO	**144.1**	159.47	-4.25	**-2.60**
17.66	9.94	**KT Corp**	KTC	**123.2**	16.92	-0.25	**-1.46**
27.96	17.71	**NTT**	NTT	**99.2**	20.45	-0.41	**-1.97**
94.00	46.45	**China Petro & Chem**	SNP	**90.1**	88.16	-1.26	**-1.41**
15.29	6.85	**Korea Elec Pwr**	KEP	**88.2**	14.43	-0.23	**-1.57**
41.25	21.23	**Canon**	CAJ	**62.8**	37.69	-0.61	**-1.59**
20.35	13.11	**NTT DoCoMo**	DCM	**61.2**	14.20	-0.29	**-2.00**
25.64	13.55	**Guangshen Railway**	GSH	**51.1**	21.88	-0.86	**-3.78**

*Most active American depositary receipts tracked by Dow Jones

Source: WSJ Market Data Group

Global government bonds

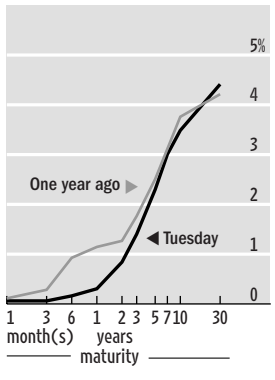
Latest, month-ago and year-ago yields and spreads over or under U.S. Treasurys on benchmark two-year and 10-year government bonds around the world. Data as of 11 a.m. ET

Coupon	Country/ Maturity, in years	Yield	SPREAD OVER TREASURYS, in basis points: Latest	Previous	Month ago	Year ago	YIELD: Previous	Month ago	Year ago
5.750%	**Australia** 2	**4.720%**	**388.9**	383.5	364.3	**242.7**	**4.670%**	4.617%	**3.602%**
4.500	10	**5.637**	**216.5**	219.2	205.3	**143.4**	**5.670**	5.439	**5.085**
5.250	**Austria** 2	**0.870**	**3.9**	4.1	6.7	**138.7**	**0.876**	1.041	**2.562**
4.350	10	**3.628**	**15.6**	11.2	25.8	**61.5**	**3.590**	3.644	**4.266**
3.500	**Belgium** 2	**1.082**	**25.1**	20.0	19.2	**147.7**	**1.035**	1.166	**2.652**
4.000	10	**3.676**	**20.4**	16.9	28.2	**64.6**	**3.647**	3.668	**4.297**
1.250	**Canada** 2	**1.415**	**58.4**	56.9	56.8	**67.0**	**1.404**	1.542	**1.845**
3.750	10	**3.519**	**4.7**	3.5	13.0	**0.4**	**3.513**	3.516	**3.655**
4.000	**Denmark** 2	**2.288**	**145.7**	145.5	135.4	**229.2**	**2.290**	2.328	**3.467**
4.000	10	**3.709**	**23.7**	19.9	19.0	**43.1**	**3.677**	3.576	**4.082**
1.500	**France** 2	**1.265**	**43.4**	43.2	46.6	**144.3**	**1.267**	1.440	**2.618**
3.750	10	**3.599**	**12.7**	8.6	13.8	**38.2**	**3.564**	3.524	**4.033**
1.250	**Germany** 2	**1.227**	**39.6**	40.3	37.1	**113.6**	**1.238**	1.345	**2.311**
3.250	10	**3.375**	**-9.7**	-19.4	-19.4	**11.3**	**3.284**	3.192	**3.764**
0.430	**Hong Kong** 2	**0.511**	**-32.0**	-30.1	-40.8	**-37.3**	**0.534**	0.566	**0.802**
2.640	10	**2.381**	**-109.1**	-104.8	-101.0	**-160.2**	**2.430**	2.376	**2.049**
3.750	**Italy** 2	**1.446**	**61.5**	61.2	56.6	**197.1**	**1.447**	1.540	**3.146**
4.250	10	**4.055**	**58.3**	42.1	55.6	**101.6**	**3.899**	3.942	**4.667**
0.300	**Japan** 2	**0.265**	**-56.6**	-56.5	-71.4	**-59.0**	**0.270**	0.260	**0.585**
1.300	10	**1.380**	**-209.2**	-203.8	-211.6	**-217.6**	**1.440**	1.270	**1.475**
4.000	**Netherlands** 2	**0.872**	**4.1**	4.6	4.2	**138.7**	**0.881**	1.016	**2.562**
4.000	10	**3.565**	**9.3**	5.5	11.7	**38.1**	**3.533**	3.503	**4.032**
3.200	**Portugal** 2	**1.121**	**29.0**	30.0	31.7	**185.1**	**1.135**	1.291	**3.026**
4.750	10	**3.800**	**32.8**	28.1	44.8	**76.5**	**3.759**	3.834	**4.416**
5.350	**Spain** 2	**1.343**	**51.2**	51.3	51.7	**171.4**	**1.348**	1.491	**2.889**
4.300	10	**3.842**	**37.0**	33.0	40.9	**55.1**	**3.808**	3.795	**4.202**
4.000	**Switzerland** 2	**0.522**	**-30.9**	-30.7	-47.7	**62.0**	**0.528**	0.497	**1.795**
3.000	10	**1.990**	**-148.2**	-150.5	-136.8	**-105.8**	**1.973**	2.018	**2.593**
4.250	**U.K.** 2	**0.755**	**-7.6**	-15.4	-22.6	**114.1**	**0.681**	0.748	**2.316**
4.500	10	**3.792**	**32.0**	27.5	-0.3	**45.6**	**3.753**	3.383	**4.107**
1.000	**U.S.** 2	**0.831**	**...**	...	...	**...**	**0.835**	0.974	**1.175**
3.375	10	**3.472**	**...**	...	...	**...**	**3.478**	3.386	**3.651**

Source: Thomson Reuters

U.S. Treasury yield curve

The curve shows the yield to maturity of current bills, notes and bonds; all data as of 3 p.m. ET.



Ryan Index	Yield to maturity	Modified duration	TOTAL RETURN Month to-date	Quarter to-date	Year to-date	12-month
30-year Treasury	**4.413%**	16.24	–2.80 %	–5.43 %	–23.39 %	0.20 %
10-year Treasury	**3.486**	8.41	–0.67	–1.05	–7.14	6.40
7 Year Treasury	**3.005**	6.22	–0.02	0.09	...	...
Five-year Treasury	**2.298**	4.66	0.17	0.57	0.54	6.15
Ryan Index	**2.574**	6.74	–0.49	–0.81	–5.17	4.86
3 Year Treasury	**1.402**	2.93	0.22	0.55	1.62	4.34
Two-year Treasury	**0.840**	1.95	0.15	0.45	1.59	3.00
1 Year Treasury	**0.305**	0.94	0.07	0.19	0.94	1.90
Six-month Treasury	**0.162**	0.50	0.02	0.05	0.61	1.23
Ryan Cash Index-a	**0.147**	0.44	0.02	0.07	0.51	0.93
Three-month bill	**0.061**	0.25	0.01	0.04	0.35	0.44
One-month bill	**0.061**	0.08	....	0.01	0.14	0.15

a-Performance of a cash investment

Source: Ryan ALM

Key money rates

	Latest	52 wks ago
Prime rates		
U.S.	**3.25%**	4.00%
Canada	**2.25**	4.00
Japan	**1.475**	1.875
Britain	**0.50**	3.00
ECB	**1.00**	3.25
Switzerland	**0.53**	2.29
Australia	**3.50**	5.25
Hong Kong	**5.25**	n.a.
Libor		
One month	**0.23875%**	1.42250%
Three month	**0.27250**	2.14875
Six month	**0.52438**	2.59500
One year	**1.09813**	2.75125

	Latest	52 wks ago
Euro Libor		
One month	**0.39375%**	3.83000%
Three month	**0.67125**	4.23125
Six month	**0.97875**	4.29250
One year	**1.21125**	4.36750
Hibor		
One month	**0.09893**	1.07714%
Three month	**0.14857**	2.14286
Six month	**0.36929**	2.44286
One year	**0.64929**	2.49286
Asian dollars		
One month	**0.2440%**	1.42%
Three month	**0.2860**	2.1000
Six month	**0.5420**	2.5320
One year	**1.1200**	2.7120

	Offer	Bid
Eurodollars		
One month	**0.2800%**	0.1800%
Three month	**0.3800**	0.2800
Six month	**0.6000**	0.5000
One year	**1.5000**	0.7500

	Latest	52 wks ago
U.S. discount	**0.50%**	1.25%
Fed-funds target	**0.25**	1.00
Call money	**2.00**	2.75
Overnight repurchase rates		
U.S.	**0.14%**	0.23%
U.K. (BBA)	**0.473**	2.800
Euro zone	**0.34**	3.00

Sources: WSJ Market Data Group; Reuters

Prosecutors to regroup after 'black eye'

Acquittals in Bear Stearns case cause soul-searching as decisions near on AIG, Lehman Brothers

By Amir Efrati

The acquittals of two former **Bear Stearns** Cos. hedge-fund managers on securities-fraud charges is causing some soul-searching among prosecutors who hope to hold Wall Street accountable for excessive risk-taking that helped lead to the financial crisis.

A jury on Tuesday found Ralph Cioffi and Matthew Tannin not guilty of securities fraud and other related charges after prosecutors accused them of lying to investors in 2007 about the health of two funds that eventually collapsed.

That outcome could cause prosecutors to pause when considering whether to bring charges in some other cases that came out of the financial crisis. This is particularly true for the investigations of former executives at **Lehman Brothers Holdings** Inc. and **American International Group** Inc., which could be brought by the U.S. attorney in Brooklyn, people familiar with the matter have said. The Bear case was tried in Brooklyn. A spokesman for the Brooklyn U.S. attorney declined to comment.

Associated Press

Matthew Tannin exits federal court in Brooklyn, N.Y., on Tuesday after he and Ralph Cioffi were acquitted on all charges.

The Bear acquittals are "not the first black eye for the Justice Department, but I think it will make prosecutors ask, 'Is our proof as strong as we think it is?'" said Andrew Hruska, a former federal prosecutor who is a defense attorney in New York. "There's not as much unthinking animus [against Wall Street] by jurors as some prosecutors believe, and they can't just count on juries to gloss over facts that don't fit with the government's theory."

For the Justice Department, the difficulty in some financial cases has been the high bar of proving individuals truly intended to defraud investors. Prosecutors must prove that the defendants knew what they were saying publicly was really a lie, people familiar with the cases said.

To be sure, the Bear case had certain unique characteristics, such as judicial rulings and expert witness testimony that were favorable to the defense. These advantages mightn't come into play in future cases.

Financial-industry representatives and defense lawyers have said Wall Street executives were dealing with an extraordinary catastrophe, and they often had no intent to mislead investors, even if optimistic statements turned out to be wrong. The strongest evidence for proving criminal intent, former prosecutors said, is often emails or phone-call recordings in which the defendants themselves hint at or admit they were engaged in wrongful behavior. Another surefire bet: testimony by a cooperating witness who has pleaded guilty to being part of a conspiracy with the defendants, and who can describe what everyone did.

In the Bear case, prosecutors had neither of those. Rather, prosecutors tried to use internal emails by one Bear defendant to give jurors a sense of how the men believed their hedge funds were doomed. Those emails then were contrasted with public statements of optimism about the funds, and the defendants' requests for more money from the funds' investors. But the jury found that the emails, when read in their entirety, showed that the defendants' private ruminations weren't at odds with public comments.

Prosecutors will look to make sure they have bulletproof evidence if they decide to bring charges in another probe, one involving AIG, people familiar with the matter said.

Justice Department prosecutors based in Washington, after meeting with defense lawyers representing a former AIG executive, Joseph Cassano, are considering whether to criminally charge him and possibly others with securities fraud, according to people familiar with the matter. No decision has been made, and the probe still could be dropped, these people said.

Part of the potential AIG case focuses on public comments in 2007 by Mr. Cassano and other executives that were meant to reassure investors about the performance of mortgage-related contracts, these people said. The contracts, known as credit-default swaps, later nearly brought down the insurance company. Among other things, prosecutors could try to contrast private phone-call conversations, which were routinely recorded by AIG, involving Mr. Cassano's employees as they discussed the swaps with Mr. Cassano's public statements, these people have said.

P. Joseph Warin, Mr. Cassano's lawyer, previously said his client acted properly. He didn't return a call seeking comment Wednesday.

Another probe that might try to contrast private concerns with public statements is one involving Lehman.

Prosecutors are investigating whether executives at Lehman misled investors about the firm's financial picture before it filed for bankruptcy protection last year, among other things, people familiar with the matter have said. On Sept. 10, a day after Lehman executives discussed the need to raise at least $3 billion in capital, the firm's chief financial officer assured investors on a conference call that "our capital position at the moment is strong." A spokeswoman for the former Lehman executive, Ian Lowitt, who now works at Barclays Wealth, declined to comment. Mr. Lowitt hasn't been accused of any wrongdoing.

More mutual-fund managers are timing the market

By Eleanor Laise

In an effort to lure back investors still wary of stocks, more mutual-fund managers are playing a risky game: timing the market.

Many of these funds promote their ability to avoid big losses by trading in and out of the stock market at just the right time. Some are labeled "tactical allocation" or "dynamic" funds. But even funds that don't openly tout such strategies are moving in and out of big cash stakes, betting that they can outsmart the volatile market.

Quaker Small-Cap Growth Tactical Allocation Fund, launched late last year, now has about half its assets in cash, down from as much as 95% last year. The new **John Hancock Technical Opportunities Fund** had about 12% cash at the end of October and is managed using a strategy that devoted roughly 90% to cash early this year. The three-year-old **Encompass Fund**, which can invest in all sorts of U.S. and foreign stocks, has held more than 30% in cash in recent months.

These and several new funds from firms like **Legg Mason** Inc. and **Morgan Stanley**'s Van Kampen Investments have leeway to make swings between cash and other investments. But funds attempting to time the market often deliver erratic performance, charge high fees and rack up big trading costs.

Good timing?

Selected funds that have the flexibility to hold big cash stakes.

Fund	Year-to-date return
Encompass	+109.9%
Intrepid Small Cap	+35.7
Ivy Asset Strategy	+23.6
Quaker Small-Cap Growth Tactical Allocation	+11.6
Van Kampen Global Tactical Allocation	+18.1

Note: As of Nov. 10 Source: Morningstar

These funds are something of a bright spot for the fund industry, which has seen billions flow into bond funds but little cash go to more-profitable stock funds. Investors put $4.1 billion into world-allocation funds (Morningstar's category that tracks the most-flexible funds) in the first nine months of this year, while adding only $4.3 billion to stock funds and plowing $213 billion into taxable bond funds.

Some of these funds have beaten the market in recent years. **Ivy Asset Strategy**, for example, gained an annual 14.9% in the five years ended Nov. 10, compared with less than 1% for the Standard & Poor's 500-stock index. But they can also give investors whiplash.

The Encompass Fund fell 62% last year, landing at the bottom of its world-stock category. This year it's leading its world-stock category with a nearly 110% gain.

Fund companies say investors spooked by the recent market turmoil are demanding more-flexible products. Many investors have been frustrated "with investment products that were not able to react to the environment that we just went through," says Joel Sauber, head of U.S. products at Legg Mason. The firm's new **Legg Mason Permal Tactical Allocation Fund** can stash as much as 40% in cash.

A study from New York University's Stern School of Business suggests market-timing can work for some mutual-fund managers. The best stock-pickers during economic expansions also show some market-timing ability in recessions, the study found.

But academic research raises doubts that the typical fund manager can successfully time the market over the long haul. Anders Ekholm, adjunct professor at Hanken School of Economics in Helsinki, recently analyzed more than 4,000 U.S. stock funds' returns between 2000 and 2007. Managers helped their performance through stock-picking, he found, but hurt their returns by market-timing.

There are a couple of reasons why the deck is stacked against market-timers, Mr. Ekholm says. Market-timing requires more trading, and transaction costs hurt performance. What's more, while a manager may relatively easily dig up some unique information that gives him an edge in selecting an individual stock, it's difficult to get such superior information about the overall market.

Though some fund companies are promoting their new tactical-allocation funds as core holdings, analysts are skeptical. If the manager makes a wrong call, like plowing into cash before a market rally, "that could really hurt the investor," says Karin Anderson, mutual-fund analyst at Morningstar.

Some managers moving in and out of the market rely on macroeconomic views. Others are simply bottom-up stock-pickers who hold lots of cash when they can't find other opportunities. Then there's John Hancock Technical Opportunities Fund, which is guided purely by technical analysis, examining patterns in market data.

Given these managers' long leash, it can be tough for investors to keep track of what they're doing. Legg Mason's new tactical-allocation fund, for example, has been in and out of five or six asset classes in the few months it has been on the market, Mr. Sauber says. Mutual funds are only required to disclose portfolio holdings every three months.

Even some funds with narrower mandates are shifting in and out of big cash stakes. **Intrepid Small Cap Fund**'s prospectus, for example, says that it normally invests at least 80% of assets in small-company stocks. But amid the market turmoil, the fund regularly had very high cash stakes of as much as 40%, says manager Eric Cinnamond. The cash stake was down to zero in March but is now back to 14%.

Investors might believe such moves in and out of the market contributed to the fund's strong recent performance. But an analysis of Intrepid Small Cap's returns in the 18 months ended in September by investment-research firm Markov Processes International found that its outperformance was due to stock selection, and that the market-timing moves made almost no contribution.

Mr. Cinnamond says that he's not trying to time the market, but "we're not going to knowingly buy overvalued securities just to be fully invested."

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Kangaroo bond bonanza

Australia's banks might have to go abroad more often to issue debt. That's great news for foreign companies thinking of selling bonds Down Under.

Foreigners already have raised some $12.3 billion this year by selling Aussie-dollar denominated bonds, called kangaroo bonds. That's up 36% from a year ago, according to Dealogic, and accounts for nearly one-fifth of total debt issuance in Australia.

The big offerings have been by international agencies like the European Investment Bank, which raised $1.4 billion this week, and the World Bank's International Finance Corp. But companies, and banks in particular, could be close behind.

Bond issuance by foreigners isn't exclusive to the Australian market, of course. Asia's biggest market for such issuance so far is Japan, where borrowers last year raised nearly $22 billion by selling so-called samurai bonds. A number of South Korean banks in recent years have sold bonds denominated in Malaysian ringgit.

The thinking among these borrowers is that they can issue debt where terms are most compelling, with an eye to building a new investor base while they're at it.

With the world's fourth-largest pension pot, Australia already offers ready demand for foreign bond issuers. Australian pensions currently have $1 trillion under management. More recently, though, the Australians have developed an edge thanks to something called cross-currency basis swap rates.

Basically, the cross-currency swaps allow borrowers to trade interest payments. The foreign company issuing debt in Australia gets to make payments in its home currency, while an Australian borrower selling bonds abroad gets to service its debt in Aussie dollars.

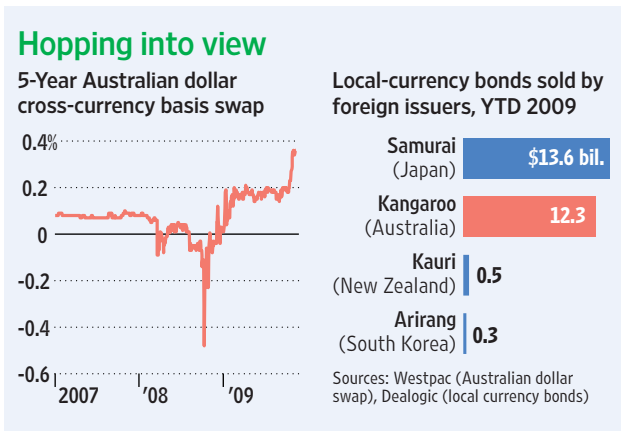
Rates on these swaps take into account a number of factors, including differing interest-rate and foreign-exchange levels. Lately, the terms for those looking to repatriate funds from Australia to their home country have been better than at any point on record.

For this, foreigners can thank expectations that bank regulators might limit how much Australian banks can hold of each other's debt. Australian banks now may need to look more often overseas to find demand for their bond issues.

Higher demand for swaps back to Australian dollars means more attractive swap rates for foreign borrowers taking the other side of the trade. By contrast, swap rates in Japan are negative, a strong deterrent for foreign issuers. Issuance of samurai bonds has declined 37% so far this year, from the same period in 2008.

It all adds up to a compelling reason for borrowers to head Down Under—no matter how strange selling a kangaroo bond might sound.

—Enda Curran



Japan contractors dig themselves a hole

Damned if you do, damned if you don't. This is the predicament that Japan's construction and engineering firms find themselves in.

Facing dwindling government, household and corporate spending at home, the nation's contractors need to generate more of their revenue from overseas. Their track record on this front, though, isn't encouraging.

Complacency fostered by Japan's huge—and partly state-stimulus fueled—domestic market means they're less competitive than global rivals. What business they do win is often marred by cost overruns and delays that belie their status as world-class engineering companies.

There are $2.2 trillion worth of projects now planned in the energy-rich Gulf Cooperation Council, says Credit Suisse. By comparison, construction spending in Japan will be closer to $480 billion this year—half of what it was in 1992, when such outlays peaked.

Already, these opportunities aren't working out well for the Japanese. **Obayashi**, No. 2 by market value, Thursday slashed its profit forecast by 25% for the year through March, citing the stronger yen.

Individual projects, though, might be costing it more than that. An $8 billion Dubai Metro project, already hit by design changes from the government, could add up to $110 million in red ink, says Daiwa Securities SMBC. The company declined comment on specific projects. Another company, **Taisei**, has already thrown in the towel, saying it won't replace all of the overseas projects in its pipeline as current ones are completed, leading to a 40% drop in the value of its foreign business by March 2012.

As it is, the big contractors generate at most 20% of their revenue from overseas. South Korean companies, by comparison, are generating as much as 40% of their revenue from abroad, says Credit Suisse.

Tight cost and deadline controls, not to mention a weak won, mean these companies are generating margins several times those of the Japanese rivals, and building market share, especially in the Middle East. Where they fall behind the Japanese firms—in engineering and design skill—the Koreans will catch up soon.

If they aren't more proactive, Japan's contractors may find themselves cemented to a weak domestic foundation.

—James Simms

U.S., Benmosche ensure trouble at AIG

In Robert Benmosche, the government has gotten exactly the chief executive it deserves for **American International Group**.

Mr. Benmosche recently considered stepping down from his post because of government pay restrictions. Wednesday, he said he was staying. But toying with resignation, the latest controversy in his three months at AIG, has created more instability at the company.

The way the AIG bailout was structured makes friction with the CEO almost inevitable. The fundamental flaw: The government's plan rests on the assumption that AIG could have a future as an independent company.

As a result, any AIG CEO is going to want the freedom to do things he or she thinks will make it viable and lead to a higher stock price. But after sinking about $120 billion into the firm in the most unpopular bailout of the crisis, the government can't just hand over the reins to a CEO and say, "Have at it."

This dysfunctional situation could end very badly for the taxpayer.

—Peter Eavis

Benmosche 'committed' to AIG despite troubles

Robert Benmosche, chief executive of **American International Group** Inc., told employees Wednesday he "remains totally committed to leading AIG through its challenges" while acknowledging frustrations with the government's stance on compensation at the company.

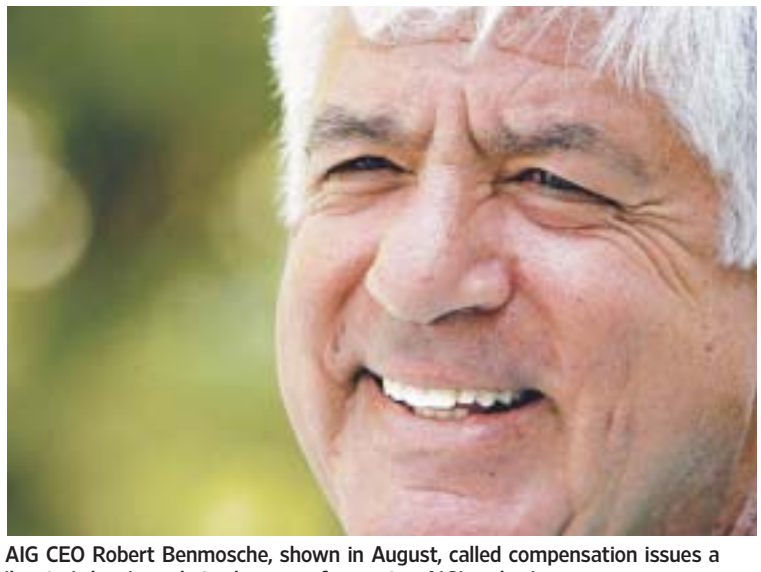
By Serena Ng, Joann S. Lublin and Liam Pleven

The internal memo Wednesday came after news, reported by The Wall Street Journal, that Mr. Benmosche last week threatened to resign, partly due to the government's curbs on pay at AIG, which became 80% taxpayer-owned after a bailout last year.

In the memo Wednesday, Mr. Benmosche aimed to assuage employees' concerns that he was considering leaving and said he would continue to "fight" on their behalf.

The memo also appeared to lay down the gauntlet in the company's negotiations with the Obama administration's pay czar, Kenneth Feinberg, who is overseeing compensation at seven companies that have received substantial government aid.

Mr. Benmosche called the compensation issue a "barrier" that "stands in the way of restoring AIG's value" and repaying its government debts, which amount to about $90 billion. A Treasury spokesman declined to comment.



Reuters

AIG CEO Robert Benmosche, shown in August, called compensation issues a 'barrier' that 'stands in the way of restoring AIG's value.'

Last week, after a three-hour meeting between AIG's board and Mr. Feinberg, Mr. Benmosche told fellow directors that he was "done." But he agreed to consider staying at AIG, according to people familiar with the matter.

The purpose of the meeting with Mr. Feinberg, which took place in New York, was to discuss the board's concerns about compensation restrictions imposed recently by the pay czar on a dozen top AIG employees as well as what is ahead for the next tier of 75 employees whose 2009 pay packages are being reviewed by Treasury, a person familiar with the matter said. In the coming months, AIG will have to submit proposed 2010 pay packages for a new set of 100 employees that are the most highly paid at the firm.

Mr. Benmosche's resignation threat was the latest in a string of provocative remarks over the last few months that reflect the strong-willed executive's approach to restructuring AIG and his discontent with restrictions imposed by the company's government overseers. From the time he joined AIG, he has said he wanted to ensure that compensation rewarded performance, and that AIG needs to pay competitively in order to retain employees.

Some board members share Mr. Benmosche's frustrations with the compensation oversight, according to a person familiar with the matter. But Mr. Benmosche's willingness to threaten to walk and then reverse course could hurt his credibility with the board.

At the same time, AIG employees and others disenchanted with the government's bailout efforts might be energized by Mr. Benmosche's determination to fight for his staff.

On Wednesday, Rep. Darrell Issa (R.-Calif.), a minority member of the House Oversight Committee, said compensation should be linked to performance for employees of companies that have accepted taxpayer dollars.

"But we cannot ignore the importance that human capital will play in companies that seek sustainability and solvency," he said. "If the Obama Administration creates an untenable environment in which businesses cannot viably compete, then the taxpayer's ability to get back bailout dollars will be delayed."

Mr. Benmosche's own pay package, valued at $10.5 million—of which $3 million is cash salary—and approved earlier by Mr. Feinberg, wasn't the source of his frustrations, according to a person familiar with the matter.

One issue concerning his employment status appears to be unresolved: a noncompete agreement that he was supposed to reach with AIG. Mr. Benmosche's Aug. 16 employment letter states that he agreed to negotiate noncompetition arrangements and that receipt of his "stock salary," $4 million a year, depended on his entering into those arrangements. It isn't clear if he signed a noncompete accord.

AIG must divulge the terms of any noncompete arrangements with its new CEO, executive pay experts said. The company hasn't made any filings describing the completion of such arrangements.